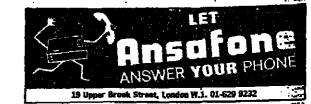


business news



UN faces massive crisis bill

BY MALCOLM CRAWFORD, Economics Editor

A NEW WAVE of increases in Common Market food prices and import levies, which would raise both British food prices and the UK's contribution to the Community Budget, is now foreseen in Washington following a new analysis by officials of the backwash of the impending international currency re-

Washington officials, who have warned key members of Nixon's cabinet of the consequences, are not worried about Britain's marcet membership costs, of course, but are fearful about the effects of higher Common Market of higher Common Market prices in surplus production in Europe. in surplus production in Europe. They foresee grain support prices in France. Italy, Britain, and Denmark going up, by an werage of as much as 6%. As he import levies would go up oo, America's already-dwindling rain exports to Europe could be topped, and bigger grain surluses would flow outward from Europe and spoil America's curope and spoil America's orld-wide grain sales.

For Britain, the threatened in-reases would add to her entry osts, over and above the price icreases envisaged at the time nembership was being negoti-

ated. They would add to prices in the shops, and proportionately rather more to the balance of payments cost.

Washington officials have re-Washington officials have recommended that the US insist
that the EEC stockpile future
grain surpluses, instead of dumping them on world markets;
limit subsidy payments for wheat
used as feed grain in Community
member countries; and abandon
the increase in maize prices,
which was decided last spring.
Officials are also preparing a
list of demands for concessions
by European countries on agricul-

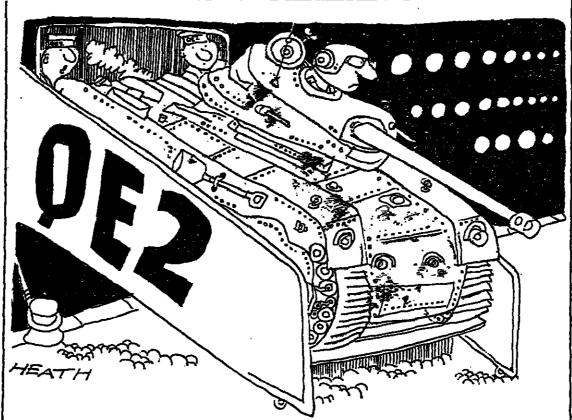
by European countries on agricul-tural trade and non-tariff bar-riers, to be raised as a condition for dropping the import sur-charge—in addition to the cur-rency realignment. rency realignment.

to gold as the US dollar. As the German D-mark has floated up about 10 per cent, and will probably be pegged at about that level, produce prices in terms of marks would fall—if the Germans would let them. But the German Germans the man Germans the man desired. man Government has made it plain that it intends to do no such thing. Instead, the whole structure, in terms of units of account will have to be raised in line with the revaluation of the D-mark

The Six will not settle this without a bitter internal dispute, but it is expected that in the end, only the Italians will persist in objecting. Whether the candidate countries (such as Britain and Denmark) will have any say in the matter remains to be seen.

The European Commission is preparing its own list of counter-demands, with the hope of making these issues, the subject of prolonged horse-trading — after removal of the surcharge.

The technical point which will raise farm product prices in France, Britain, Italy, and Denmark is this: prices of basic foodstuffs in the Common Market are linked to "target prices," expressed in "units of account" — each unit having the same ratio the matter remains to be seen. Connally has also been warned that if he raises the dollar price of gold, as part of the currency realignment, this could result in an across-the-board rise in farm product prices in the Common Market, This would depend on various future decisions, but is likely to add to Connally's many existing reasons for leaving the official gold price unchanged.



"IRA? Oh no, it's just an ex-Cunard director gunning for Nigel Broackes."

How much law on the shop floor?

TOP PERSONNEL managers are expecting a difficult life under the Industrial Relations Act. Many still favour closed union shops and a big majority are prepared to make legal concessions for industrial peace.

Few managers show any enthusiasm for courts. More than 70% feel that legal sanctions are just a useful standby in industrial relations, and a massive 97% do not anticipate seeking any legal action under the Act next year. But a large minority (39%) expect a legal action next year from their employees and unions. These are the preliminary con-

These are the preliminary conclusions from a major survey car-ried out by The Sunday Times at the Institute of Personnel Management annual conference in Harrogate last week.

Faced with a practical example of union militancy, few managers survey, were those of individuals, were prepared to be heroes. We not of companies, and of course posed the problem of a union insisting that its next agreement of caution in the personnel departments. The views in the departments. The views in the personnel of the views in the personnel departments. The views in the personnel of the views in the policy of individuals, not of companies, and of course posed the problem of a union insisting that its next agreement.

should contain a clause stating that the agreement would not be legally binding. Only 15% were prepared to stand firm and say no. More than 70% said that they would rather concede the point for industrial peace.

Personnel managers are the front-line troops in the industrial relations war, the men who will have to make the Act work on the factory floor. The exclusive survey was aimed at 500 man-agers from Britain's top companies. Replies in full to 32 detailed questions about their company job and attitude were made by 350.

The preliminary results, taken from a cross section of 100 managers, show that the publicity of the past year about industrial relations has produced a feeling of caution in the personnel departments. The views in the

operate currently under a "closed shop" system and more than 50% under a "100% union shop." Surprisingly as many as 46% still favour the closed shop in general as against 43% who

oppose it.
Our analysis showed that 35% thought the Act would affect their company a great deal and 50% felt that its influence would be slight. But 65% were sure that the Act would make their own job more difficult (14% thought that their life would be easier). In spite of that 69% saw personal relations with employees remaining at present levels.

ing at present levels.

The three firms in our cross section who expect to have a legal battle with the unions were all multi-national companies.

Next week Business News presents a full analysis of this exclusive guide to management attitudes under the Act, including comparisons with The Sunday Times survey at Harrogate last

Last ditch plan to save the Islander

UP TO a month ago Britten-Norman, the Isle of Wight plane-makers, put in the hands of the receiver on Friday, was projecting a staggering rise in profits from £152,000 to £1.3 million in just two years. It was still hope-ful of staying in business a few days ago, when its major creditor decided to call in its loan.

decided to call in its loan.

This emerged yesterday as the company's founders. John Britten and Des Norman, met the receiver at their Bembridge factory. It is now apparent that desperate efforts were made by the company to either transfer the business abroad or get a tie-up with a foreign group. This may yet be a possibility, and things should be a lot clearer by next Tuesday after the receiver has had a closer look at the books.

Britten-Norman, in fact, went

Britten-Norman, in fact, went to three countries to find a partner: Singapore, Israel and Rumania. Last month there was even a plan to shift production of Britten-Norman's 10-seat Islander and 18-seat Trislander aircraft to Singapore, where cheap labour and lower tax would make the

planes more competitive.

Talks were started with London representatives of the Singapore Government and banks. Britten-

over would rise, in two years, from £4.5 million to £7.7 million, and pre-tax profits from £152,000 to £1.3 million.

to £1.3 million.

Transfer of the business to Singapore would reduce labour and tax so much that the cost of an Islander would come down by £5.270 (out of £35,000) and the Trislander by £9.430 (out of £100,000). This would increase projected profits by £599,000 2 year. Including write-offs of development costs, profits could hit £1.3 million by the end of 1973. Further confidence by the company came with figures that showed it paying off debts, initially totalling £4 million, at around £500,000 every six months. Britten-Norman offered prospective Singapore partners a £0% stake in the company for £1 million, although it reckoned they would recoup some £1.5

they would recoup some £1.5 million from profits on its existing profit projections. However, the deal never took off John Britten admits that those figures were revised. The same thing presumably happened with the Israeli and Rumanian deals. Unfortunately for Britten-Norman, the Exporters Refinance Corporation (a subsidiary of Lloyds Bank) which had a £2.8

Representatives of the singapore of the state of the Norman drew up figures for its next three years trading which make optimistic reading. Turn-owed around £250,000.

Nixon wins cut-price computer was

BY HARLOW UNGER, New York

THE US General Services Administration—the American Government's purchasing agency—confirmed yesterday that the £20 million Pentagon contract awarded last week for 35 large-scale Honeywell computers represented a 70% discount from normal commercial prices.

What the GSA called a "smashing victory over the computer industry monopoly" came after four years of battling in and out of court between the Government and the computer industry. The fight began in July, 1967, when the General Accounting Office forced the US Air Force into an abrupt cancellation of a £46 million computer order with International Business Machines Corporation. The GAO, which is congress's official watchdog over about £400 million worth this executive spending, learned that

the USAF had awarded the contract to IBM despite bids ranging from £25 million to £30 million to £30 million lower by Honeywell, RCA, and Burroughs. The three losers protested and started the inquiry that forced the USAF to cancel its IBM contract.

Since then, the Pentagon and other US agencies have forced companies to bid more and more competitively for Government awards, and the cut-throat competition reached its peak with this latest award. Even IBM's

the USAF had awarded the con

this latest award. Even IBM's unsuccessful bid was 50% below list price—an unheard of bid by IBM. The US Government is Ameri-

Heath men say 'back Concorde'

MAJOR BOOST for the pros- that sales could be as low as 24 ect of full-scale production of aircraft. e Concorde Supersonic Airliner is been given by a confidential port produced by Lord Rothsild's Central Policy Review Unit dward Heath's think-tank). This study, a series of papers

various aspects of the project, recasts sales of between 120 id 150 planes within the first e years of Concorde production nis is in line with the most stimistic projections made by e manufacturers, which had pre-cted sales of up to 200 planes ring the whole production run the aircraft, which could be 10 ars or more. It is far more an the gloomy forecasts cently circulating among overnment sources in Whitehall

aircraft. The Rothschild figure would indicate a production rate of above the two aircraft a month planned by the manufacturers.

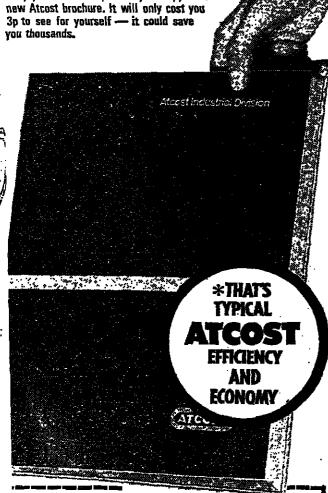
including the manufacturers, the airlines, and Cooper Bros., the accountancy firm, is now with the Department of Trade and Industry. It seems likely to break the somewhat static situation the aircraft's programme is now in aircraft's programme is now in.
Earlier this year the Government
authorised a start on the first 10
aircraft which could be delivered
to airlines from 1974 on. Previous work, costing Britain £300 million to date, had all been on proto-types and pre-production aircraft.

A first step could be authority

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atcost industrial division

to start work on eight more aircraft, making a total of 18. For, according to their option agreements, BOAC, Air France and Pan-American are due to take 18 aircraft between them, taking delivery alternately. The Rothschild Report, which drew on a number of sources

But before BOAC will take up its options it requires, besides guarantees of performance, flight and noise levels (which now look acceptable), a firm price and Government help to get landing rights. The price is expected to be around £13 million, but the Rothschild Report includes suggestions of making purchases easier for airlines, all of which are under considerable financial strain because of the introduction of Jumbo Jets at a time of static of Jumbo Jets at a time of static revenues. BOAC will not only need Government support to get the American authorities to agree to Concorde landing in New York; it also wants the right to land at Lagos on the crucial South African run. Earlier this year BOAC's West African routes were transferred to British Cale-

right there at the moment. A further boost to Concorde is coming from rivalry between China and Japan to be the first to introduce the aircraft in the Pacific, the fastest-growing airmarket in the world and the one most suitable for Concorde. Following a recent and successful visit by the manufacturers to Peking at the invitation of the Chinese government, Japan Air Lines has now asked to increase the number of options from three to six aircraft. But it also wants to advance its place in the production queue as a condition of increasing any order it gets.

The Great Escape

legislation—determined that a guilty trader need not pay any compensation to his victim.

In June, Croydon magistrates told a local

car dealer to pay a customer £230 compensa-tion after falsely describing the condition of a secondhand car. This was in addition to a

£250 fine. The appeal hearing, which ended

last week, reduced the fine by £50—and quashed the compensation award.

The judge and two magistrates in Croydon have at least removed an ambiguity in the Act—but in doing so, made it clear that new legislation is needed: "We think the Trade

Descriptions Act would be even more effective if magistrates could award com-

pensation. Perhaps Parliament may think it

Meanwhile, the overworked weights and

measures men, when they mount prosecu-tions, have no chance to obtain redress for

the consumer. To obtain compensation he must launch an entirely separate, complicated and expensive private legal action himself—for which, not surprisingly, few

right to give them this power."

Complain for all you're worth: it still won't do you any good. That is the de-

pressing message to emerge from a Quarter Session ruling in Croydon last week. A test case under the Trade

Descriptions Act — the cornerstone of consumer

Hands off Europe, Japan told

British Industries, and Common Market equivalents, will warn the Japanese next week not to mount any major export drive to Europe to make up for sales lost by the US import surcharge. If the Japanese defy the warning the Europeans will press their gov-

ernments to raise import barriers

against them.
The warnings will be given at a meeting between Japanese and European business leaders in Brussels on Tuesday. against them. Brussels on Tuesday. The Japanese side consists of a delega-Japanese side consists of a delegation from the Keidanren—the
Japanese confederation of
industry—sent to Europe to get
negotiations going again on the
long-proposed liberalisation of
Japan-Europe trade. Japanese
goods face high barriers in some European countries.

spring taiks beganlargely because of pressure from the US seeking to divert its Japanese imports to Europe-but soon broke down. The main difficulty has been the European demand for the right to throw up emergency barriers, on a discriminatory basis, if home

BY DAVID BLAKE, Brussels

industries cry out for help.

The Japanese have insisted that the European countries should not claim any more emergency protection rights than the generalised one permitted by the

The Japanese delegation, led by Kogor Uemura, president of the Keidanren, will go all out to

expected to hit their competitive But German industry, equally harmed by the upward float of the mark, is particularly afraid of the Japanese.

In Tokyo, Japanese newspapers are speculating that their government is planning a revaluation of the yen by 12½%, to a new exchange rate of 320 per US dollar. A cabinet spokesman denied the reports. Press speculation has thrown up figures ranging from 10% to 16% for the expected new official year ate.

The reports say that Japan is now sounding out the US on a 124% revaluation, with 3% permitted margins—so that if market pressures pushed the yen up, it persuade the Europeans that they need not worry about a large-scale switch of Japanese exports.

The Japanese will point out that markets as high as 15.9% above the upward float of the yen is the old parity.

Riding the anchor



Escaping from inflation-prone Britain will cost you more next year. Without telling anyone, the main Channel ferry and hover-craft operators have increased their prices by up to 15%. We compared the 1972 Townsend-Thoresen

brochure, just out, with this year's, and found a standard 10% rise for passengers, and 15% for cars and caravans.

British Rail's Sealink and Seaspeed services have not yet published their 1972

services have not yet published their 1972 prices, but when they do, they will announce exactly the same increases. It emerges that in August the main operators quietly got together and agreed to put their prices up by the same percentage. So next summer the Dover crossing (to Calais, Ostend and Boulogne) will cost £3.30 per passenger, instead of £3, and £4.60 per Mini car instead of £4.

WHO would have thought that anything as unglamorous as dried peas could become an import saver and help to turn Britain's economic tide? Today 70% of them are Among other things this conflicts with the CBI's 5% guide-line. Simple, British Rail explained: Channel crossings are intergrown in this country compared with less than half five years ago. Maybe nobody is willing to admit consuming these belly-fillers (their designation in the pea business), but £2 million worth of them are sold in national operations, and therefore the CBI recommendation does not apply.

OUR APOLOGIES to Fred, Homepride's chief flourgrader. The right price for the egg-cups Homepride is offering is 30p for two (plus coupons from the back of two 3lb bags of flour) not 3p as we said that week. Sorry. Biggest eaters are in the North West, Tyne

Sorry Fred

Why Lien needs Londonderry

making a bit of a comeback too.

Britain each year.

Out of order

FOODMARKET, the telephone shopping advice service put out by the Post Office in London and the Home Counties puts up the shutters today. Official reason is that it has

not attracted enough calls to cover the costs of its operation. The service has given weekly buying hints and guide prices each Sunday since May 1970. But when did you want to shop for food on a Sunday? Could be the

Post Office got the day wrong? Why not bring it back—on Thursdays? Or, better still, every weekday.

Hidden bellyfillers

Tees area, the Midlands and Scotland. Signs are that canned giant marrowfat peas are

NORWAY'S best-publicised bank- ing machines in Bergen went ruptcy for years, a work-in at a bankrupt for over £1 million, factory in Bergen, and the romantic story of a Norwegian typewriter salesman turned cashregister tycoon, are all part of the tangled story of Northern Ireland's first new industrial investor from abroad this year.

On Friday it was announced that the Norwegian Jorgen S Lien Industrier was to move its Lien industrier was to move its manufacturing operations from Bergen to Springfield, near Londonderry, providing up to 450 jobs within three years. Ulster was stunned and disbelieving.

But Robin Bailie, Commerce Minister, was exhilarated. "Words cannot convey." he said. "what

cannot convey," he said, "what the company's decision will mean in terms of renewed confidence in Northern Ireland." If he had been to Bergen he would be less ecstatic. Earlier

D-day for this year Lien's company manu-facturing cash-registers and add. Blackpool

putting more than 600 people out of work. A work-in was promptly organised, the workers raised over £100,000 to keep the company going, and appealed to Bergen Town Council for more help. But before this was organised Lien announced that he was getting out of Norway (though he is keeping a safe factory going) because of lack of help from the Norwegian Government which, he says, dates back to when he started in 1937. Up till this year Lien had been Bergen's pride and joy. He allegedly learnt about electrical

then has built up an international operation under the trade name of Regna. These operations in-cluding sales organisations in many parts of the world and factories in Australia and Austria, which were not declared bankrupt and it is to service them that Lien is investing in Northern The search for a new base of

operations dates back before the bankruptcy. According to Louis
Kamber, the Oslo-based South
African-born lawyer for Lien,
negotiations with the Stormont
Government began in March, 1970. "In 1969 we started lookmachinery assembling wireless sets for the Norwegian Resisting at sites outside Norway where the company was having a diffi-

The regular features People and Property and Get Ahead have been held over until next week.

In the next three years. It is unclear whether the quote will be extended to Bergen.

Nicholas Faith

ance during the war, and since cult time. Our industry needs a great deal of research and de-velopment money and access to government-sponsored research.

in Norway we weren't getting it... We looked at other parts of Europe offering development incentives and in particular at Italy and Spain but we could do better in Ulster than anywhere else. The other options didn't give R. and D. assistance." Lien and Kamber feel the troubles have been exaggerated and were most impressed by the decision of Du Pont this summer to invest another £7 million in

its Londonderry plant, Kamber is so confident of success that it hopes the company will get a quotation on one of the British stock exchanges within the next three years. It is

Nicholas Faith 1

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INDICATOR	PROFITS	DIVID	ENDS	MAI	
Last week	£20.7m (+ 60.8%)	Up: Down: Same:	41 6 29	The Times 160.56 (The Dow Jo	
Last 52 weeks	£5,006m (+4.4%)	Up: Down: Same:	1,646 566 1.561	852.37 (FT-Actua 177.77	

Industrial Share Index

(--4.58 on the week) ones industrial average

N INDICES

-21.98 on the week)

aries all-share index (−6.65 on the week)

ATV banking on TV boom

ATV is having trouble with its once glamorous diversifica-tions. The TV film company ITC committed 40% of its budget to "The Persuaders." series whose slump down the American TV ratings will not persuade anyone to re-order it; the Beatle music firm Northern Songs could produce £100,000 less profit this year; and Pye Records has lost its important Reprise label. But brokers are expecting the massive TV industry recovery to solve these problems, lifting profits from £4.9 million pronts from £4.9 million to the £6.5-£7 million range. This should keep the shares buoyant though they will become much

MOTOR SHOW visitors will see

that German car makers have in-vaded the UK in strength. As Thomas Tilling, which has the concession for Mercedes, Volks-wagen and Audi-NSU, showed

last week when declaring interim profits one third higher, German

profits one third higher, German car exports are booming. In the eight months to August they rose 16% and exports now account for a massive 57% of Germany's 2.7 million car and commercial vehicle production. Floating D Marks and the US import surcharge (the US takes 40% of Mercedes and BMW exports) have made life more difficult this year. BMW expects to lose £2 million from the float alone. But

million from the float alone. But

at least other countries are mov-ing their currencies into line, so car shares have been showing

signs of recovery on the depressed German stockmarkets. Volkswagen is Germany's biggest exporter and in addition

has recently suffered boardroom rows about the inadequacy of

new model development, leading

WHAT'S UP

annual pre-tax profits for companies reporting last week and over the 12 months.—Statistics by Exchange Telegraph

more dependent on the politically vulnerable TV business again.

☐ Hidden in the small print of its annual report I notice that Industrial Finance & Investment, the Dawnay Day banking/ investment group, has picked up another chunk of shares in Alfred Lockhart, the plastic sheeting firm it once unsuccessfully bid for. The shares, from another less publicly repulsed would-be bidder, bring IFI up

EUROSHARE

Rundown on the booming German car exports

Share price: DM 331 (£39); Dividend: DM 8.5 (£1); Yield: 2.6%; Sales: £1,140 million;

Share price: DM 164.1 (£20); Dividend: DM 6;

lost its chief executive in August,

in a row with the controlling family shareholder Friedrick Flick, who owns 40% of the shares. Another 27% of Daimler is in the hands of the Deutsche Bank and 14% in the Quandt family, who also control BMW.

There has been on and off pressure to merge these two makers

sure to merge these two makers

Net profits: £29 million;

P/E ratio: 20.

Yield: 3,6%; Sales: £ 4 million; Net profits: £4.6 million; P/E ratio: 20.

DAIMLER-BENZ AG

to 10.6% of the Lockhart capital. Since another bid now is unlikely to prove welcome presumably IFI will just wait clutching its strategic holding.

☐ It was curious to see the bear raid on Tremletts on Wednesday, knocking the shares back from 160p to 138p, just as managing director Jeffrey Pike was finalising his largest ever, £2 million, deal for seed crushing machinery. Profits are running high and after the half year's £287,000, I expect to see the year end with profits well over £500,000 compared with the £450,000 forecast. The shares recovered to 152p by Friday.

and Mercedes about 17% in Germany. BMW will this year produce 165,000 cars and 19,000 motor cycles (50% more than 1970). Daimler will make 300,000

Mercedes cars and 180,000 com-mercial vehicles. The Daimler row was about the rate the com-pany should expand — it spent £100 million last year. The Flicks

were not prepared to put up the £25 million for the next stage.

Elementary, my dear Watson, the value of a new lens NEXT MONTH could just see the

The Watson lens men, Geoffrey (left) and Kelvin, keep an eye on the product

birth of a glamour stock. The basis sounds unpromising—profits for the current year unlikely to run over £140,000; profit growth currently showing after several good years; and a very small placing—only 35% of £100,000 issued capital.

However, Kelvin Watson, the company in question, could be an exception to the usual rule. Based in Manchester, its present speciality is the manufacture of rigid contact lenses by moulding rather than grinding. The potentially exciting item is Kelvin Watson's advanced research on Watson's advanced research on "soft" contact lenses—the product, originally invented in Czechoslovakia, which made Bausch & Lomb one of Wall Street's high-flyers last year, and given an extremely health boost to the shares of Smith & Nephew, the UK concessionaires. Although nothing is certain in this sort of high-grade research, the hope here is that Kelvin Watson may be on the point of coming up with something even better.

The new lens is still being developed at Watson's in Manchester and at Aston University. Birmingham. It could still fail its promise, but work is far enough advanced for the directors

NEW ISSUES

since the demand for contact lenses is steadily growing 5% of people who need glasses use contact lenses here, 10% in the US—the first firm actually to produce a more comfortable, more easily fitted lens is in a strong position. All the more since Kelvin Watson would be in a position to license its inventionjust as it now plans to license its production innovations.

It is a heady thought, even for a company which already has 35% of the UK market for contact lenses. But Kelvin Watson is sensibly keeping its feet on the ground, "We're not going public on a wonder lens," says chairman Raymond Kelvin Watson. "We're going public on says chairman Raymond Kelvin Watson. "We're going public on our record." Which shows a rising growth rate to £127,000 until the current year, when the cost or selling off a loss-making Canadian subsidiary did nasty things to profit. Research costs—a mere £50,000 over 3½ years for the soft lens—are less than violent, and Kelvin Watson can now expect a return from

contact lenses too—even pink ones. "Some of the people who buy those call themselves conjurers," says division managing-director Charles Bloodworth. "But I wouldn't play cards with them. The lenses make it easier to see the markings on cards," But Kelvin Watson's basic business will remain solidly medical through 12

son's basic dusiness will remain solidly medical through 12 profitable retail outlets and a national system of consultants visiting optical practices. And even without the wonder lens, the hard contact lens market is expanding fast.

profits of £310,000. That makes it under half the size of soaraway Fairview Estates which now stands on a 15 P/E. Kent is tight on cash, but its land bank should last it for three years, making land purchase a more remote call on resources. Kent is in the right geographical areas, and in a business which is turning up. A small-scale buy without great immediate profit prospects.

Week. The point is that Superstar must run for four months to recoup production costs for Universal, the film company which staked the money for the stage show in return for film rights; and after that it costs \$50,000 at week to run. Stigwood shares only in profit, which Barnes' acid pen could still eat away.

Argyle Securities 112p-3½p.

•••

9.10 5.48 2.36 2.19 4.00 1.93

2.88 2.62 1.56 1.58

4.48

2.33

17.9 21.7 57.4 36.9 41.1 33.9 \$6.0 152.9 140.6 120.4 130.2 98.2

33.9

Where there's rust there's bras

TIME TO BUY

FOR A COMPANY whose profits are expected to increase by rather are expected to increase by father more than 20% a year for the next three years. London and Midland Industrials' P/E of 7.8 (on forecast profits) is absurd. Even with the unpopular conglo-Even with the unpopular conglo-merate tag, the fact is that profits in the past five years have risen from £192.000 to £926,000, with the chairman forecasting "not less than £1 million" in the cur-rent year to March 1972. That should be comfortably beaten, and by early next year the additional profits from a new rust inhibitor product for which the company product, for which the company has tied up an agreement with British Leyland, should be increa-sing profits by a further 25% a year at least in the next two or three years until competitors come in.

The rust device is a chemical which when applied to car doors and other rust-attracting areas prevents rust forming. British Leyland is now recommending it through its how recommending it through its Austin-Morris deal-ers, and Ford and Chrysler are also interested. LMI expect to be able to build up to 150,000 units treated in 12 months, which would mean additional profits of around £250,000.

P/E: 8.6:

sions are going very well. E eering services should in £450,000. And with the action last week of R A P stockholders and distributor fasteners, profits should be a another £110,000.

Air conditioning and he equipment is similarly of good business. Profits should be up to around £35 this year. The only significantly trouble spot remains the experience of the profits of the state moving equipment side, who depressed market has only allowed a recovery to are £150,000. With another £23 or so from the consumer gr plus £120,000 underseal pr the company should turn out just over £1.1 million. With benefit of Poole the P/E drop 7, and if a full year's contribu from the rust inhibitor is bro in the P/E could be under 6. a company growing at the LMI is likely to achieve in next two or three years, a cur multiple of 12 would be cau -which implies that a price around 160p would still be the low side.

Buying price: 99p; 1971 high: 99p; low: 51p; Yield: 5.1%; Cover: 2.5:

Latest profit: £926.000

Aziz Khan-Pa Meanwhile, LMT's other divi-

Critic pans Superstar Stigwood

MARKETMETER

Robert-Stigwood 941p-211p.

wonder lens, the hard contact lens market is expanding fast.

This week's action is in house builders M. P. Kent, developing homes in the home-hungry South-West and the Home Counties; and with 12% of turnover in industrial development. It does no construction work of its own. Kent is going at 47p on a 10.4 P/E based on forecast profits of £310.000. That makes it under half the size of soaraway Fairview Estates which now

Securities has closed with takers since the market praced up to 112p, capitali Argyle at £5‡ million. Slate left with his original 4 Directors of Argyle refused to 1.4 million shares, and market will be disappointed no higher bid is planned. J O'Donnell who is going on board as chairman, with other Slater property men be using Argyle for bids.

Plessey 119p-5p.

Lioyds & Seot.
Lioyds & Seot.
Micresstile Crd.,
Raill int.
Refuge Sees.
Utd. Dom. Tst.
Western Credit

6 -716 -18 -31 -31 -19 +13

RUBBER

PLESSEY'S £1.75 min profits fall to £3.4 million in first quarter was much worse twe expected. The market t we expected. The market to pick up again after the to 118p when the figures we released. After a short recove the share closed last week 119p, reflecting uncertainty at the company's ability to get to on to the level pegging half-mark (£11.2 million) which company has claimed it we company has claimed it wo

Div. Yid Price Ch'ge pence %

3.26 2.9 6.4 3.2 5.0 4.1 3.2 4.8 6.3 2.8 2.8 3.1

BMW, also spending heavily— £120 million planned over the next five years— will raise its output from 700 cars a day to 1,000 a day next year, by an ingenious deal with Hungary. Following the spectacular failure of Mercedes to get in on the Ostpolitik on the huge Russian Kama river truck plant order, this was seen as a major coup. Daimler still has the edge on BMW in profits. BMW earnings fell by a fifth last year while Daimler's raced to a new record and higher dividend. With a return on assets of 17%, Daimler is one of the most profitable and efficient vehicle builders in the world. can now expect a return from licensing all its previous innova-tions, including the moulding of quality cars for years, possibly including VW in a giant 'Deutsche Auto' company. BMW has less than 4% of the market up to the spectacular departure of the boss Kurt Lotz. Daimler-JIM SLATER'S offer of 60p for to be confident that the end result will at least equal the rivals. And technique. Benz, the Mercedes company, also James Poole Michael Pye Scottish property group Argyle Kelvin Watson has cosmetic Price Ch'ge pence % P/E Div. Yid. Price Ch'ge pence " P/E Div. Yid. Price Ch'ge pence % P.E 1970.71 Righ/Low 1970.71 High/Low Company Price Ch'ge pance % P/E BRITISH FUNDS Bureo Dean Burns And'son. Burton Group Business Com. Buttin's Butter!'d-Hvy. 100 714 262 1934 324 38 1014 38³4 32 127¹4 29 14 20 23 25 43 223 30 17 1 34 2 32 40 4.3 11.3 2.0 4.7 16.1 5.42 2.4 18.6 FINANCIAL TRUSTS ANCIAL TRUSIS 26's Bank Bge. Sec. 33 48's Charterhse. Grp. 79 48's Drakes 200 17's Exploration Co. 20 18's First Not. Fin. 336 28's Hawtin 41; 12 1.0.S. Ltd. 30's 6 21 1.0.S. Ltd. 30's 6 18's 1.0.S. M. fi 32.0 1.9 17.8 1.3 4.7 15.6 6.4 2.9 20.4 4.4 3.2 12.0 3.5 5.8 12.6 6.8 3.0 13.6 2.5 9.3 9.3 7.0 1.7 10.8 £17½ 26½ • 220 137 60 224 27 405 51½ 5.256 7.745 8.692 8.729 8.406 19 6712 248 1137 228 485 5442 1157 224 485 1 53 % 84 243 89 353 45 176 % 127 775 19% 36% 282 117 226 166 % 74 239 87 125 Ozalid 511. Page Johnson 513. Page Johnson 514. Parker Tunber 881. Pidnson, Sir I. 20 Parkiand Tex A 2181. Paterson Zoch 121. Peak Trällers 572. Pearson & Son 15 Pennyain Pub. 41. Pillips Lamp 165 Pensyain Pub. 42. Pillips Lamp 165 Plessey 5114. Pivan 214. Pout Hidgs. 8314. Powell Duffrya 224 Havin 924 LF.1. 4 1.0.S. Ltd. 21 1.0.S. Ltd. 156 1.0.S.M. 14 1.0.S.M. FOREIGN STOCKS ... +50 Cadbury Sch. Campart Camrex Hgs. Cape Asbestos Capper Nelli Caravans Int. 1.3n 2.4 17.2 5.6 3.5 17.0 5.6 2.4 27.1 17½ 495h 54½ 119 103½ 33 674 1264 136 414 554 2084 147 DOLLAR STOCKS 7.0 1.7 22.2 19.8 4.2 9.3 5.0 4.2 17.8 2.66 2.5 18.7 2.8 8.3 8.1 6.0 3.3 18.0 73 43 78 --s --<u>2</u> 43 11.8 138 54 185 348 20 445 -- -- ---10.6 1.5 31.7 10.6 1.4 32.8 7.5 5.4 14.6 44n 4.8 10.6 5.6 10.6 7.1 410 Rauk Org. Ord. 719 4371-1 De "A" 735 75 R H M 139 451-1 R.H.P. 89 50 Ratchiffe F.S. 53 511-1 Rayheck Led. 102 257-1 Readignt Int. 49 721-2 R.M.C. 147 1871-2 Rechitt & Col. 266 417-1 Reddind Int. 241 1871-2 Rechitt & Col. 266 417-1 Reddind Int. 241 1871-2 Rechitt & Col. 266 417-1 Reddind Int. 241 1881-2 Rechitt & Col. 266 417-1 Reddind Int. 241 1881-2 Reddind Int. 241 1881-2 Rentald Int. 241 1881-2 Rentald Int. 375 1771-1 Renold 78% 68 +7 -21 -12 +12 -13 -45 UNIT TRUSTS INVESTMENT TRUSTS Great Nthn. 1001, Rume Hirlss. 'A' 79 Ldn. El. & Gen. 881, Mercantile Inv. 522, Triumph Inv. 212 Trustees Corp. 109 s Utd. Brik. Secs. 170 U.K. & Overseas 44 3.0 2.7 22.1 9.7 2.4 21.0 12.5 5.2 17.1 12.6 6.2 17.7 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 14.5 4.4 14.9 10.8 2.2 30.3 12.5 2.2 30.3 12.5 2.2 30.3 12.5 3.2 30.3 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 13.0 3.5 17.2 14.5 17.2 15.5 17.2 15.5 17.2 15.5 17.2 15.5 17.2 15.7 17. Offer 23.9 47.7 33.5 119.7 108.6 101.4 72.2 82.1 163.3 Yield 1.92 6.10 1.20 3.72 3.46 2.86 5.91 2.48 1.88 1.66 5.50 midiand & General Dividend Special Magnum MUTUAL SECS.: Blue Caip Income Security Plus VATIONAL GROUP: Domestic Gas Indus. & Power High Income Natibility 3.29 3.95 4.79 3.86 SHUPPING 3,44 4,85 4,85 ANSBACHER MANG. LTD.: North American BAECLAYS UNICORN Unicorn Cap. Tst. Unicorn Cap. Tst. Unicorn Pinancial Tst. Trustee Fd. Unicorn 'SBP' Growth Ace. BRITISH LIFE OFF. LTD.: British Life CARL. U '25T.: Carriel Un. e CTY OF WEST. ASB. SOC.: First Unit Tst. Fd. Westminster Fd. Westminster Fd. CROWN LIFE INS. Crown British LTP. CRUSADER GRTH. PROP.: Growth Proper. Growth Proper. 44.6 2:40 3.67 2.66 5.48 2.31 3.29 4.05 2.41 MINES 5 230 180 105 CA 187 187 38.5 50.2 59.9 63.0 49.7 48.5 37.8 52.5 52.5 53.5 66.2 52.2 51.0 40.1 3.51 4.62 5.64 3.11 3.93 4.16 2.93 45 48 11.0 45 48 11.0 5.5 13.9 1.5 1.5 22.7 2.6 5.8 9.1 2.2 6.8 7.9 2.8 5.8 16.9 8.1 8.0 16.1 3.8 5.6 10.8 4.5 4.8 18.6 119 +2 3 DISTILLERIES 114 -8 4 110 -6 34 110 -6 6 110 -5 6 145 -5 6 145 -5 6 145 -1 3 146 -31 4 140 -31 4 44.A 58.6 3.76 2.54 115.9 51.9 122.8 **55.**6 2.69 9.10 8.20 8.10 113.9 Single qt 42.9 24.9 34.5 26.2 24.4 21.1 26.3 48.5 OIL 143 523 4733 183 424 443 772 Bow Valley 121516 SSI B.P. 2444 Brumah Off • 4827 574 Int. Offs & Ex. 34 250% Steel 54 675 Timor 14 119.4 Single que. COMMERCIAL AND INDUSTRIAL Eastern Prod. 275 Eastwood J.B. 331 Economic Grp. 72 Echro 103 EMI Ltd. 164 Ellis & Everard 79 Ellis & Everard 100 Emptro Shres 220 Ender Lavel 164 F.A. Cons. 220 Fahriax Jersey 36 French Ect. 121 Fond At Dev. 34 Fitch Lovell 197 Folkes Min. 31 French Mot. Ens. 171 Fosco Min. 137 Fotheralli & R. 70 Francis Ind. 34 Freehans La. 185 French Mir. EDR 318 Gallaher 120 Gen. Mir. EDR 320 Gliz Duffus 320 Gliz Duffus 320 Gliz Duffus 320 Gliz Group 329 Gleccon, M. J. 48 Goldba & Sons 123 Grantan Whse 36 Grantan Whs 182.8 Single qte. PROPERTY 79.9 50.4 33.5 50.0 73.5 32.2 38.4 2.96 1.85 6.09 2.82 5.75 1.24 2.25 \$2.7 \$4.0 115.7 34.4 35.8 -15 +18 -6 -1 49,4 2.57 97.0 78.1 63.4 33.5 40.7 35.5 22.20 2.80 0.315 2.040 1.646 5.2.14 1.990 1.255 2.388 4.722 2.388 4.722 1.181 2.381 1.181 2.381 2.382 2.383 2.42 5.50 3.62 3.09 2.84 High Yield income incom ¥7 −31⁄2 −1 4.49 2.09 #3 +2 +34 −54 -10 108.7 113.1 119.0 128.4 63.4 46.7 50.2 46.7 169.0 49.1 35.9 131.6 45.7 98.9 219.5 47.1 130.9 100.8 233.2 41.5 174.3 41.5 55.2 +4 -4 +12 -1 +2 3.8 5.4 12.3 5.5 1.6 22.8 11.0 2.8 12.6 12.5 1.4 12.7 9.5 7.4 22.7 7.0 2.5 24 25.7 7.0 2.5 24.7 8.8 4.1 15.8 8.0 2.1 15.8 8.0 2.1 15.8 8.0 2.5 12.7 7.0 2.5 12.7 7.1 2.7 21.1 10.6 2.5 21.7 10.6 2.5 21.1 10.5 2.5 21.1 10.5 2.5 21.1 10.5 2.5 21.1 10.5 2.5 21.1 10.5 2.5 21.1

52.1

120.1 20.3 17.9 55.4 47.9 41.0 28.5 74.6 43.2 38.6 37.2 49.7

5.25 1.72 2.70 5.14 5.24 6.29 6.94 3.07 3.17

b Forecast dividend. c Corrected price. a interim payment passed, and yield exclude a special payment, b Bid for company. k Ex capital s. p Pro-merger figures. r Ex rights, s Ex scrip. t Tax free y Price adjusted for any be included in this table at a rate of 678 per annum per quotation.) this page the there price is compared with the company's caused archived, allowing for corporation tax, normally on a 431 per cent basis, trusts, one with certain mines and eversess groups excluded.

Matthey in the melting pot

Matthey, the precious metal firm that was knocked off its feet by defaulting silver speculators?
The shares have jumped from 230p to 310p in a matter of weeks ustensibly on recovery hopes and then rumours about Johnson Matthey's sale of its huge Hatton Garden fortress headquarters. Neither of these really add up to an explanation of persistent buying, admittedly in a notori-ously tight market or to the many options taken out on the shares.

The much touted figures of 16-£12 million that Johnson Matthey may get from the Hatton Garden site are pretty wide of the mark. The favourite 2s buyer, leffrey Sterling of Sterling Guarantee has, he tells me, no intention of matching the 16 million he paid for the nearby out much larger Gamages store ite. Another Slater protegee, Corporate Estates/Sterling Land s more interested and has the latthey occupied 73 Hatton Garlen just up the road on its list if desirable buys. But again £6 nillion is not a price it is anxious o pay; but even if it does not vin its asking price. Matthey will end up with nearer £51 million in its pocket than the £1 million at which its site stands in the books.

Equally even after the sale and rojected move of its £180 million ise platinum to burn up car exhaust fumes will not have any eal effect until 1974. Silver is at is lowest price for four years, hich is not helpful to Matthey's ading or refining sides and the angover from the £7 million peculator's loss could go on epressing profits. There are still ig management problems on the ading side, which encouraged

But it is not hard to find a willing buyer. Rio Tinto-Zine has a perennial need for UK-earned income for its own tax purposes. It is also keen to move up the market from base metals and establish a strong base in the precious metals rivalling the American/South African giant Engelhard, However, RTZ is a slow methodical wooer usually and it away here processed to the processed of the processed and its own share price is down in the dumps at present. There has certainly been no bid approach so far. As one Matthey director complained: "We'd be the last to know if a take-over was in the wind." While it is only in the wind more cautious investors could take advantage of the present price to sell.

Bovis does it again

directors (at different times). At last it could concentrate its

only 5 days earlier. The new deal will take some justifying. For one thing Twentieth Century's growth to forecast profits of £650,000 came in a period of tight money when it could charge com-paratively high interest rates. If money gets cheaper it will be more difficult to sustain a return of 6% on lending and the P/E ratio of 16½ could turn out expensive. For another the deal gives Matthews a total of £12.9 million

amours last week that the com-any might bid for more success-il Metal Traders, a thought that from selling off the Spey bits

BOVIS is not the company to shun controversy. The City had just managed to forget about 1970's bear raid, some odd un-successful bids to forestall a rights issue, the rights issue itself, and the departure of three directors tat different times. At mind only on the juicy profit and earnings rises Frank Sanderson's team were producing.

JNIT TRUSTS:

Britain may be sneezing, but USA has caught pneumonia

ipposedly having a tough time ith high redemptions and lackistre sales producing a net inow of only £7.5 million in the ast three months. But compared ith America the situation is ositively rosy—and certainly not ne where investors should take

They seem iking fright, though, in the US.
s my colleague Harlow Unger ports from New York, share ices on Wall Street all but llapsed last week, largely under e weight of the heaviest selling the year from the country's 3 billion mutual funds, as it trusts are called there. And is sciling was largely forced redemptions of fund units. In May redemptions there seeded sales for the first time ce 1954 and by September the sition was even worse, with lemptions at \$470 million topig sales of only \$305 million, nassive drain of \$166 million the funds. The basic cause is same as here, that investors ight in the 1969-70 share slide getting out now that they have ir money back. But the real blem is that mutual funds ich own only some 6% of all res probably now account for ne 25-30% of all trading on il Street. Thus there is a wing danger that the doubleed fall in prices caused by ed selling and lack of fund ing could snewball into a full-

e stock market erash. is one of the great advans of British unit trusts over r American big brothers that could almost certainly not pen here. To start with, I it that unit trusts account for e than 5% of London Stock nange turnover. And indeed behaviour of individual inors as a whole has quite a I effect on which way the · l of share prices as a whole es. For instance, the perl sector were net sellers of es and company stocks to the of £430 million in the Aprilquarter. We are usually not rs, but this is a record by

ng chalk. t it was precisely this quar-f the year when share prices d their vital recovery on gmorton Street. The lesson mply that the decisions of buying pension funds, in-ice companies, merchant ers and investment trusts that count for share prices. are heavily influenced by ve yields and with fixed in-yields humping down, the ground for shares looks good. · big question is whether rusts specialising in financial s, nanks insurance and prowill continue to make the ng. These still dominate the rmance tables with Anthony ellor's Target Financial topthe three-year winners, on Wall's Financial Priority tently well-placed and /Britannia represented by roperty & General and City ndon among the top 10 over year-though the latter's & General has suffered in seent gold share slide. re is undoubtedly a lot of left in selected bank, dis-

and insurance shares, deshe upward ratings in the . The sector as a whole is van of rising profits. But ld not expect a repeat of oig gains we have seen and new investors would a more general portfolio which, for instance in ive & Prosper group, are winkled with finance shares. ther perennially successful in all the currently unfashion d of choosing trusts that able places, could fit the bill.

Top 10 over past 3 years

	% gain i
	or fall
Target Financial	+58.4
London Wall Financial	+40.7
Ebor General	
Jessel Commodity Plus	+30.1
Allied Growth plus Income	+28.0
Affred Growth plus income	
Janus Raw Materials	
Jessel Income	+27.3
Mutual Income	+26.3
Barclays Unicorn 500	+26.0
Oceanic Growth	+24.8

Bottom10overpast3	years!
London & Wall St.	
Target Growth	-18.2
Pan-Australian	-18.9
Ansbacher North American	-21.0
Oceanic General	-21.0
Vavasseur Int. Mining	-22.1
Hill Samuel Dollar	-23.2 -23.6
Allied Metals & Minerals	-31.2
Mallet & Wed. Overseas Hambro Secs. of America	-33.1
nambro secs. or America	

Top 10 over past year

Oceanic Performance Tyndall Ulster Surinvest Future Income Slater Walker Assets Ebor General Jessel Prop. & General Jessel City of London London Wall Financial	
Jessel City of London	+38.7
Target Financial	

Dattom 10 over pact year

DAFFAILI TA ALEI has	r Acai	
National Shield	+3.1	
S & P European Growth	+2.4	
Hill Samuel Int		
Jessel/Brit, Gold & Gen	-5.5	
Allied Metals & Minerals	-8.2	
Surinvest Raw Materials		i
Oceanic Overseas	-12.0	
Mallet & Wed. Overseas	15.1	l
Vavasseur Int. Mining		ı
Pon Australian	-26.2	

Figures adapted from Planned Savings Tables of Unit Fund Statistics published by Wootton Publications.

will do better than the market is to back trusts that are being revamped after failure or management groups that are pulling themselves out of the doldrums. Three months ago I spotlighted the Oceanic group and manager Len Lee is still topping the one-year tables with Oceanic Per-formance, backed up with the group's Financial trust. With a perhaps unfortunate touch irony. Tyndall is showing the results of widening the invest-ment policy of its Ulster Fund. And last quarter marks the re-turn to the Top 10 charts of the Surinvest Group, whose manager John Ormond seemed tarred irretrievably with backing E. J. Austin International, the "crock of gold" fiasco. As he admits he is still making mistakes but his Future Income fund has also made enormous profits from outof-the-way shares like Dixons Photographic, Dobson Park and Ellis & Goldstein while maintaining a useful 4.3% yield with un-fashionable stocks like Cope Allman. It is not one to put all your money in, but still looks set to go well. A second Ormond fund, Surinvest Performance is also picking up and is selling on the cheaper bid basis.

The decline in metal shares and continued gloom on the Australian market have put several long-term successes, notably Allied's Metals & Minerals suddenly amongst the worst per-formers. There will be a time to buy these though as yet there seems no hurry. But if you want to try a lapsed angel the National Group's long-term suc-cessful Shield, with a portfolio

SOMEONE after Johnson they, the precious metal firm t was knocked off its feet by aulting silver speculators? He shares have jumped from the shares have jumped from the shares have jumped from the week price of 297p.

But it is not hard to find a ing developers like Mattheys did ing developers like Matthews did for Fairview Estates and to finance small developers who are potential customers of Bovis' con-struction divisions has been under development for almost

a year. Twentieth Century will allow Bovis to jump straight in on a big scale so there should be useful profit benefits to the rest of Bovis. What is more, Bovis does not have to make the cash payment until next May so it can choose its moment to be some ment until next May so it can choose its moment to place some shares or raise loan stock and make the acquisition do more than pay for its keep. As Sanderson says: "We'll have our 1972 profit forecast out by then—consorvative of course." So perhaps the City had better try to keep its head down and concentrate on that £4.3 to £4.4 million this year and much more next.

Ultramar: The facts ULTRAMAR'S share price has slipped steadily from 295p to 264p since the slage-managed opening of its Quebec refinery, before UK journalists and brokers

might seem odd since this make-or-break refinery will double Ultramar's sales of £65 million and profits of £2.7 million.

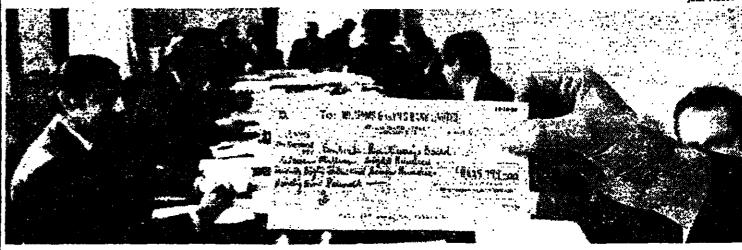
lion refinery loan financing. They are also concerned at the high lion of each for this year not charged to profit and loss,
Campbell Nelson, the chief executive, has explained in a private circular how Ultramar

Nelson replies that Ultramar will from now on be spending much greater sums on explora-tion, possibly £5 million a year, and to charge this direct to costs would distort the true profits picture. He needs to take some time to explain it to all shareonly a couple of weeks ago. This holders.

A long line of shares has now cleared the market, but that is not the whole story. A couple of brokers are worried about the rights issue we predicted a few weeks ago to replace the £40 millevel of capitalised preproduction and exploration expenditure in the balance sheet and the fact that there will be another £3 mil-

private circular how Ultramar needed in its carlier days to finance exploration in this way, so as not to distort current profits by heavy investment in future production. This is fine as long as things do not go wrong. Now that Ultramar is becoming a more mature industrial company the necessity for this is lessening.

Nelson replies that Ultramar



How to write yourself a cheque for £11,828,799... and cash it

MEASURED on the dubious scale of how long it took me to understand it, the tax-saving £115 million finance plan signed on Friday at hankers Morgan Grenfell by British Rail is pretty complex and obscure. But the results flowing from the first £11 million cheque are so straightforward and important, including a cash saving to British Rail of something like £30 million, that it is worth examining just how the City's latest brilliant scheme, brainchild of Morgan Grenfell's Guy Weston, actually works.

Basically, the heaps of paperwork are designed to enable British Rail to take advantage of tax allowances on its heavy capital spending programme even though it has no tax liability now—indeed, no profits—and simply to buy its locomotives, new trains or electrification equipment—British Rail is lending the money at the same rate to a specially-created company called Railway Finance. This company is owned by GEC. Distillers, Barciays, GUS and Morgan's company is owned by GEC. Distillers, Barciays, GUS and Morgan's company the managers Williams & Glyns, Railway Finance tax allowances equal to perhaps the money at the same rate to a specially-created company called Railway Finance. This company is owned by GEC. Distillers, Barciays, GUS and Morgan's company called Railway Finance. This company is owned by GEC. Distillers, Barciays, GUS and Morgan's company called Railway Finance. This company is owned by GEC. Distillers, Barciays, GUS and Morgan's company called Railway Finance. This company is owned by GEC. Distillers, Barciays, GUS and Morgan's company called Railway Finance. This company called Railway Finance tax allowances equal to perhaps the money at the same rate to a specially-created company called Railway Finance. This company is owned by GEC. Distillers, Barciays, GUS and Morgan Greefell's Guy the managers Williams & Glyns, Railway Finance tax allowances equal to perhaps the money take money at the money at

tax liability now—indeed, no profits—and is unlikely to have any for some time ahead. Instead of horrowing money and using it

set off against their own, in each case, ample profits. And by another piece of taxation small print, the shareholding companies can then make cash payments back to Railway Finance without this being classified as taxable income. Exactly how much of this sav-ing of perhaps £35 million over five years will be passed back to Railway Finance is not being revealed, but is probably at least 90%. Once the money is back with Railway Finance it can be shuffled over to the eager coffers of British Rail by way of adjusting the lease payments BR makes for its equipment.

So BR gets its equipment £30 million off over five years, the co-operative shareholders of Railway Finance get a nice turn for little more than administrative bother, and payments to the Inland Revenue sag. The Inland Revenue has in fact approved the scheme, but could begin to regret this since other loss-making big spending nationalised industries are already working out the sums.

Only the £68,000,000 Abbey Property Bond Fund could give you a stake in properties like these.

صكدا من الاصل

The spectacular growth of the Abbey Property Bond Fund is one of the biggest financial success stories in recent times. Starting from scratch four years ago, the fund has grown to a record £68,000,000 with 34,000 bondholders. (In the last 2 months alone, investors sent in cheques totalling over £6,000,000.)

With this kind of money behind us we can operate on a much larger scale than the other Property Bond funds. For example, it allows us to snap up giant multi-million pound properties at the most favourable terms. Which means that we're able to get the best deals on the best properties.

Another point: as the fund has continued to grow, we've continued to improve the bonds. For example, just recently we reduced our deduction for Capital Gains Tax, improved withdrawal facilities and introduced a unique conversion option, as well as making a number of other changes detailed later in this advertisement.

Security

The Abbey Property Bond Fund is the biggest and most successful in Britain. But we have a lot more behind us than just our own individual assets. Abbey Life itself is one of the country's best known Life Assurance companies with assets exceeding £140 million. And behind them is the giant ITT Group, worth £2,800 million. So you're in safe hands.

Performance

One of the most attractive features of the Fund. Since its inception in 1967, the bonds have continued to appreciate. Indeed, over the last 18 months the growth has been dynamic. In the last year alone, from October '70 to October '71, Abbey Property Bonds increased their value by a handsome 12.5% (including the re-invested rental income net



Arundol Towers, Southampion, Valued 81 over £2,500,000.

of tax). Paying tax at the standard rate you would have needed a gross income of 18.1% on your money to achieve the same result.

Built-in Life Assurance

As long as you hold Abbey Property Bonds your life is assured automatically, at no extra cost. As part of the new improvements. life cover will increase by 3% p.a. compound from the policy anniversary following your 65th birthday.

In the event of your death the amount payable to your family will be either the current value of your bonds or the amount shown on the life cover table on the application form (which increases as described above) - whichever is the greater. Naturally, if you've withdrawn money from the Fund the amount of life cover will be correspondingly less.



Provided you make a single investment of not less than £1,000 you may, if you wish, withdraw up to 6% of the value of your bond each year - entirely free from Income Tax and Capital Gains Tax. The withdrawal scheme also incorporates a new feature. If you invest not less than £2,000, £4,000 or £12,000 you may now elect to have your withdrawals paid halfyearly, quarterly or monthly respectively. Of course, property values can fall as well as rise but provided that the annual total withdrawal does not exceed 6%, and that total annual appreciation is not less than 61%, your bond would retain its original value (calculated at the offer price of the Units). The annualised growth rate achieved has, in fact, confortably exceeded 6\frac{10}{20} since the bonds were introduced.

Conversion Option

This is a new feature unique to Abbey Property Bonds. You may at any time elect to convert the units of your property bond into Abbey Equity Units or Abbey Selective Units, at a cost of only 1% of the value of

Tax Benefits

With Abbey Property Bonds you have no personal liability to Income Tax or Capital Gains Tax either while you hold them or when you cash them. The Company is liable to income tax on the rental income at the special Life Assurance Company rate - currently

The Company also makes a deduction where appropriate from the value of cashed-in units to cover its own Capital Gains Tax liabilities. These liabilities are not adjusted for in the unit price. Whereas before the deduction was made at 3 the full rate of tax, in present circumstances the deduction will be made at $\frac{1}{2}$ of the full rate – a new feature.

Surtax payers are liable to surtax (or higher rate tax after 1973) when they cash in or on death, depending on their surtax situation at the time of cashing in. There are a number of provisions which enable a surtax payer to reduce, and possibly eliminate, the liability. If you are a very high surtax payer you should contact Abbey Life for precise details.

Investment Policy

The Abbey Property Bond Fund is invested in top industrial and commercial properties with really sound tenants. To name but a few - National Westminster Bank, Esso Chemicals, The Post Office, W. H. Smith, American Express, IPC and Boots.

The Fund also buys sites and constructs its own buildings in conjunction with approved developers. Naturally, this is only undertaken with letting of the completed properties guaranteed in advance. Up to 25% of the Fund can be applied in this way.

Regular Valuations

The Fund Managers, the Property Division of Hambros Bank, carry out a valuation of the Fund's properties once a month. These valuations are independently

audited by Richard Ellis & Son, Chartered To make it simpler for new Bondholders, property bond units will be of the accumulator type where income is automatically re-invested and expressed as an increase in

the unit value. Those who purchased their

bonds prior to October 1st will continue to receive their rental income in the form of

additional units. Prices for both types of units are published daily in leading national newspapers.

Low Charges

To allow for life cover and management expenses Abbey Life charges 5%, plus a small rounding-off price adjustment, which is included in the offer price of the new accumulator units. After that, charges total only onehalf per cent a year. All expenses of managing, maintaining and valuing the properties, as well as the cost of buying and selling the Fund's investments, are met by the Fund

Cashing in Your Bonds

You can cash in your Bonds at any time and receive the full bid value of the Units, subject only to any adjustment for Capital Gains Tax as described earlier. The Company maintains adequate liquid resources, similar to that of building societies, so in normal circumstances there should be no delay in cashing in.

However, in exceptional circumstances, the Company retains the right to defer payment or implement the conversion option for up to six months, pending realisation of

Guarantee

Now, when you reach age 65, the cashin value of your policy is guaranteed if you have held the policy for 20 years or more. The minimum cash-in value of your bond would then be the same as the life cover (which increases by 3% p.a. compound after your 65th birthday) illustrated in the coupon below.

Disclosure of Information

As a Bondholder, you'll receive our Annual Report with full details of the entire

This includes photographs of the major properties and full financial information to let you see exactly how your money is invested. All new Bondholders receive a current



Fill in and post the application form together with your cheque. Upon acceptance of your application, you will receive your bonds showing the number of accumulator units allocated to you.

Abbey Property Bonds

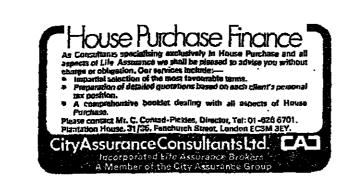
	NCE COMPANY LIMITED, aul's Churchyard, London, EC4M 8AR.	Age next birthday	*Life Cove per £1000 invested
	_in Abbey Property Bonds (any amount	30 or less	£2.814
from £100) and I enclose a ch	eque for this amount payable to Abbey Life	31	£2.732
Assurance Company Limited.		32	£2,852
	. i	33	£2,575
Surname (Mr./Mrs./Miss)		34	£2,500
	CAPITALS PLEASE	35	£2,427
	CONTINUENCE	36	£2,357
Full First Names	1	37	£2,337
		38	£2,222
	1	39	£2,157
Address		40	£2,187
	•	41	£2.033
		42	£1,974
		43	£1.916
	_ 1	44	£1,860
Occupation	Date of Birth	45	£1,806
Are you in good obveries and m	nental health and free from the effects of any	46	£1,753
previous illness or accident?	H not please aim details	47	£1,702
previous illness or accident r	((((C) Diegoo Rive nergiz	• • •	
	1	48	£1,653
		49	£1,606
	{	50	£1,558
	 _ {	51	£1,513
		52	£1,469
Do you already hold Abbey Property	Bonds or Abbey Equity Bonds or another Abbey	53	£1,426
Life Policy ?		54	£1,3B4
	ANI SAFAL des cont Cabanas a	55	£1,344
	r 5% Withdrawal Scheme:	56	£1,305
ennual (minimum investment £1000)		57	£1.267
half-yearly (minimum investment £200	0) 🗍 monthly (minimum investment £12000) 🗍 📗	58	£1,230
		59	£1.194
6	n and shares ness to get the	60	£1,159
seud iu Aoni abbiicamo	n and cheque now to get the	61	£1.126
benefit of the new Accu	imulator Units allocated at the	62	£1.093
current offer arice of £1	1.02. Offer closes on Tuesday	63	£1.061
November 2nd, which is	e valuation day	64	£1,001
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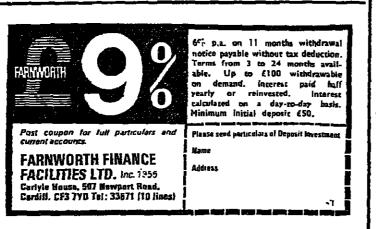
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It you're looking for an investment opportunity that quest you a keen interest with force left to contenue a full-time job, then here's the answer. Washeemal A frigitative equipped coin-up laundry that works 24 nours a day to bring you up to 40% profit per year Automations are the leading authority on counsulations with over 2500 automations in the major oppraising in U.K. Geared to grude you all the way from site finding to equipment installation Start brinking about a Washeteria as a serious investment. And when you reakes the profit potential of your first, use it like to bet you's want to turn it into a full-time money spinner, instead of just a profitable sideline.

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WHEELOCK MARDEN and Company Limited

Record Profit. Increased Dividend and Scrip Issue

The Annual General Meeting of the Company will be held in Hong Kong on 9th November, 1971. The following is the circulated statement by the Chairman, Mr. J. L. Marden, for the year ended 31st March, 1971.

Commercial activity in Hong Keng continues at a high tempo and the colony is becoming increasingly attractive to overseas interests as a market place for financial and related services.

Acquisitions

During the twelve months gince the last annual report, your Group has expanded substantially in the field of real estate in Hong Kong. The Group now holds a major interest in Hong Kong Realty and Trust Company United, and following the acceptance of a recent offer for Realty Development Corporation Limited shares, Hong Kong treatment Corporation Limited shares, Hong Development Corporation Limited shares, Hong Kong healty now holds a controlling interest in Realty Development Corporation, which owns the twin 31-storey office buildings, Realty Building and International Building, in the Central district together with other commercial and shopping investment properties in Hong Kong. Realty Development Corporation is also active in the field of real estate development in the colony.

Hong Kong Realty has recently acquired from

Lone Crawford Limited a controlling interest in

China Emporium Limited which also owns its own

building in the Central district of Hong Kongand shareholders will be aware that Hong Kong and shareholders will be aware that hong kong Realty also has a material interest in Crawford Realty Limited, the company that owns Lane Crawford House. The two real estate groups therefore. Hong Kong Realty and Realty Development Corporation, now form an interest-ing complex of property companies owning and managing domestic flats commercial and indusmanaging domestic flats, commercial and indus-trial premises, shops and offices. The management and the operations of the two groups are being rationalised under our general direction, with greater efficiency and profitability being the objectives,

Shipowning

Shipowning continues to form a large part of group assets and our fleet of directly owned ships now numbers twelve, having a total deadweight tonnage of 306,283. In addition, we have a 20% investments in World Maritime Bahamas Limited. investments in world Maritime Bahamas Limited, acompany owned jointly by ourselves. World-Wide (Shipping) Limited and the Hong Kong and Shanghai Banking Corporation. The World Maritime Bahamas fleet now consists of twentyfive vessels affoat and fifteen others on order, totalling 4,000,000 deadweight tons.

The Cross-Harbour Tunnel

Work on the cross-harbour tunnel in which we hold a 29.5% interest is proceeding satisfactorily although a problem was encountered in August when one of the units sank during a typhoon. At that time the unit was being prepared for lower-ing on to the harbour hed. A major engineering recovery operation then had to be mounted to raise the unit to the surface, and it is anticipated that the resulting delay in the contract work will be minimal. To date out of the fifteen units which will make up the complete tunnel, thirteen have already been launched and eleven have been placed in the prepared trench on the

Overseas Investments

Our overseas investments account for 11% of the parent company's total net assets and although this is now a relatively low proportion, we continue to develop our operations outside Hong Kong. We look upon Indonesia as a fast developing nation and we are now establishing a branch of Wheelock Marden Engineering Limited in Djakarta, in addition to our own factory for the manufacture of tolletty and household goods. manufacture of toiletry and household goods, which is now in an advanced stage of construction. Our subsidiaries in Thailand, Australia and the United Kingdom are all progressing and are expanding operations in their respective areas. The results of our Group operations in Japan hove been affected by vising costs but prespects. The results of our Group operations in Japan have been affected by rising costs, but prospects there look promising following reorganisations that have been put into effect. As shareholders will have read in my interim statement in May, our interest in the Wheelock Marden and Co. (Malaysia) Ltd. Group of Companies, which mainly traded in consumer goods. Was recently sold to the Incheape Group. Mr. J. R. Lowe, who for many years has headed our Group operations in that region, will be moving to Hong Kong to join head office. Our remaining interests in Singapore and Malaysia are in the more technical Singapore and Malaysia are in the more technical Singapore and Malaysia at in the last ectimes. On-line (Holdings) Limited has opened computer and data preparation facilities in Kuala Lumpur, Singapore and Sydney.

Aviation and Engineering

Lloyd International Airways Limited is progressing satisfactorily and the arline now has two Boeing 707 aircraft and four Britannias. Plans are in hand for further expansion of the fleet. Wheelock Marden Engineering Limited continues to recruit well qualified engineers for service in such relatively new fields as environmental control and, as I mentioned earlier, has opened

its new Djakarta office. Lane Crawford Limited experienced lower turn-over in common with other retail stores in Hong Kong Our insurance broking subsidiary, Wheelock Marden and Stewart Limited which we re-acquired at the time we sold our shares in the Landel Trust Insurance Group, is progressing very satisfactorily and has already contributed to our

Ancore International (Hong Kong) We recently concluded arrangements for an investment in Ancore International (Hong Kong) Limited, the local subsidiary of a Canadian-base transportation, trading and real estate group. The arrangements provide for us to take an interest in the equity of the Canadian parent company in due course, thus marking our first venture in that country.

Results for the Year

Shareholders will see from the annexed accounts snareholders will see from the annexed accounts that we have modified the presentation of the balance sheet and the profit and loss account by grouping main items under their relevant classifications, and I am sure that this will simplify examination of the accounts. For those who are interested in the greater detail that was shown in previous years, this information is provided in note form.

I am pleased to report that the profit of the parent company after tax for the year ended 31st March, 1971, increased by H.K.\$4,520,000 or 27.35°, on the 1970 results, to H.K.\$21,046,000. This represents earnings of H.K.\$1.08 per share on the issued capital at 31st March, 1971. In accordance with forecast, the Directors have decided to recommend a Final Dividend of fifty cours per share in respect of the year ended 31st cented to recommend a Final Dividend of any cents per share in respect of the year ended 31st March, 1971, on the 19,500.000 issued shares of the Company ranking for the Final Dividend for that year. This, together with the Interim Dividend paid in May, 1971; will absorb a total of H.K.\$15,600,000, covered 1.35 times.

Scrip Issue

A capitalisation of reserves is also recommended with a view to the issue to shareholders of bonus shares in the ratio of one bonus share for every ten shares now held, ranking pari passu period of extreme scarcity. already further plants would with the existing issued shares except for the Although they grow in British prove uneconomic. In future any British firm course require the approval of shareholders are due applicable quantities of wishing to incorporate resmeth. course, require the approval of shareholders which, if given at the extraordinary general meeting called for on 9th November, will mean that the number of issued shares will increase to 32,175,000 having a par value of H.K.\$760,875,000 (£11,056,700). We have indicated that, subject to unforeseen circumstances a rate of not less than 80 cents a share will be distributed for the year ending 31st March, 1972. on this increased issued 'apital.

The above-mentioned issued shares form part of an authorised capital which is now H.K.\$200,000,000 divided into 40,000,000 shares of H.K.\$5 each. Whilst the Articles of Association of the Company give the directors the customary powers relating to ssues of shares, the Board has resolved as a matter of policy that no further issues of shares will be made without either a unanimous decision of the Board, or by ordinary resolution of the shareholders in general masting

Accounts

In the parent company's accounts the decrease of H.K.\$7,481,000 (£514,158) in "quoted invest-ments" in the balance sheet relates to the sale of our shares in the Landel Trust Insurance Group, of which shareholders were advised some time ago, and the profit on the sale of these shares is included in " profit on sale of investments " in the profit and loss account. Again in the parent company's balance sheet, the increase of H.K.\$5,639,000 (£387,560) in "unquoted investments" relates to the taking up of further shares and loan stock in the Cross-Harbour Tunnel Co. Ltd., and the increase of H.K.\$21,989,000 (£1,511,271) in "shares in subsidiaries" represents mainly an increase in the capital of our Hong Kong operating subsidiary, Wheelocks (Hong

Earlier this year, the Institute of Chartered Accountants in England and Wales in a statement to members, recommended that investing companies in their group reports should account for their proportion of the results of associated companies that have not been distributed. In view of the significance of our investments in associates and as a forerunner to the full adoption of this recommended procedure in future accounts, we have summarised these details in Note 6 of the profit and loss account, for shareholders' informa-

The number of Directors of your Company is now 15 and this is the maximum number permitted by the Articles of Association. At the extraordinary general meeting which wil: follow the annual general meeting on 9th November shareholders will be asked to approve a proposal to increase the maximum permitted number of Directors to twenty, in order to give the Board flexibility. At present the Articles of Association provide for two directors to retire by rotation each year, but having regard to the size of the Board it is felt appropriate to increase the number retiring by rotation to one-third. A resolution to this effect will also be put to shareholders at the extraordinary general meeting, a copy of the notice for which is enclosed with the report and

The Future

In closing this report, shareholders would doubtless like me to look to the future. I feel we can look forward to a period of progressive expansion and development of our Group assets, which are now soundly based, and to the benefits that should flow to shareholders from such deve-

As we have come to expect, all the staff in all the constituent member companies of the Group have given of their best during the year under review and on your behalf I thank them all for their efforts which have helped to produce the excellent results now before you

L WEST LISO

Houses: a luxury no one can afford?

LAST WEEK a disused Congregational church, zoned for residential development in a London suburb, fetched a macabre record price of £105,000 at auction. Earlier this summer a housebuilder amazed even himself by paying over £5,000 a plot for estate-building land in the London admitted that building societies where of £10,000 are the first that a control of £10,000 and £1 price of £105,000 at auction. Earlier this summer a housebuilder amazed even himself by paying over £5,000 a plot for estatebuilding land in the London suburb of Richmond. Two examples of a country-wide inflation in the cost of putting a roof over our heads in 1971.

The house market is in a situation of almost panic buying according to the conservative Abbey National Building Society, and in some parts of the country

Abbey National Building Society, and in some parts of the country the magic £10,000 figure for the humble semi is breached. We have even had a well-known Midlands housebuilder, Chris Bryant, complaining that the fantastic rise in house prices is now dragging up the price of land. Remember when the beef was the other way round. Stories abound of adjacent houses increasing in value at sale by £1,000 in a couple of months, like the Severnside estate, originally priced at £7,500 two years ago, where a house fetched £8,500 at the end of 1970 and a few months later £9,225.

The topsy-turvy rush to buy houses has been sparked by the huge increase in lending by building societies, up by a third in 1970 and another 25%, this year. The money flood in 1970 coincided with the lowest level of new, private house completions in 10 years Builders were so

to realise, that prices have risen faster than most can save for the increased mortgage repayments.

admitted that building societies should have done more to anticipate the house shortage with more bofrowers being put in the way of funds. But if the building societies are deploring the prices that some houses now fetch there is no sign of them doing anything to stop it. All but a handful of new houses are vetted by building societies on price, often before a developer builds them. Four out of every five of the 600,000 old houses coming on to the market this year will be mortgaged, mostly by building societies, 122, by local authorities or insurance

mostly by building societies, 121°, by local authorities or insurance loans. Building Societies' surveyors set the valuation levels and most loans are only a proportion of valuation on old houses. Yet building societies are financing as much as they ever did of the higher value houses, the proportion of final purchase price given as mortgage has hardly shifted for years from 75°,...

There are of course wide variations in different parts of the country. The average price of a house in London and the South East is probably £7,750 whereas in the North-East it would be several hundred pounds under £5,000. This partly explains why the greatest percentage growth in house values appears to be in the most depressed areas. The average new house in Northern Ireland is up £3° over the last five years A cided with the lowest level of new, private house completions in 10 years. Builders were so depressed that they only started 165,000 houses Building costs have risen by 1°, a month over the past year but house prices have risen much faster. House agent the late Roy Brooks pointed out this summer, what many young potential house-buyers have come would only have advanced 40°, in five years, compared with 48°, in

Britain pays tor giving Daisy the cold shoulder

BY GRAHAM ROSE

AFTER a long drought, the pretty white pyrethrum daises are beginning to bloom again in East Africa. While this must please African farmers who grow the crop, some people in Britain feel that the flowers should be woven into a wreath for British enterprise.

Reasonable quantities of the "safe" insecticide pyrethrin (which is extracted from the dried flower heads of this remark-able member of the chrysanthe-mum family) have started to arrive in Britain after a long three major factories in operation oroduce exploitable quantities o the insecticide at high altitudes near the equator.

The crop in the major produc-ing countries (Kenya, the Congo, Tanzania, Ecuador and New Guinea) has been disappointing for the past two years—particularly in Kenya which produces 80% of the pyrethrin consumed. Stocks of the insecticide were quickly depleted since it is the material of choice for public health spraying and the active ingredient in most of the millions of cans of fly sprays used in homes, hotels and hospitals throughout the world

throughout the world.

Pyrethrin is favoured because it is very effective, short lived (and therefore presents no residue problems) and is free from danger to man, domestic animals and wildlife; characteristics which have caused a great increase in its popularity in a pollution concious epoch.

The resumption in pyrethrin supplies will temporarily vindicate the decision of those United kingdom pesticide manufacturers who rejected the opportunity to take up a licence to manufacture even safer and more potent synthetic alternatives which were developed on grants provided by the National Research and Development Corporation.

But the news will hardly con-sole the British public since it seems likely that once again most of the profits from a British invention will go to foreign com-

Attracted by the safety of pyrethrin, Doctors Michael Elliott pyrethrin, Doctors Michael Elliott and Norman Jones—research workers at Rothamsted Research Station, Herts—sought analogous chemicals which could be synthesised in a factory rather than extracted from a plant. A tenyear project, financed by NRDC, has yielded resmethrin and bioresmethrin—which many experts consider the most exciting and the most significant insecticides yet produced.

So it is depressing to learn

So it is depressing to learn that recently three foreign companies (chemical giants Sumitomo in Japan. Roussel in France and S. Penick in the United States), have brought on stream plants to manufacture these insecticides which could rapidly capture a market worth more than £10 million a year in sales of the raw chemicals alone.

· NRDC offered licences to ex-ploit the patents to every major British insecticide manufacturer.
Only Cooper McDougall and
Robertson, and Mitchell Cotts,
have taken up licences—but
although both companies are
using the new materials in formu-

rin or bioresmethin in their formulations will be obliged to use imported raw materials—a ludicrous currency wasting situa-tion when it is realised that any one of several large firms have the opportunity of becoming a major exporter and currency earner if they had considered the NRDC'S licence more seriously. The new insecticides are strong

enough to flatten flies within six minutes, and are so safe to humans and other mammals that one researcher explained: "No matter how much we feed to rats we can't even make them seriously ill, let alone kill them."

Despite their astonishing insect killing power, the new materials break down completely within two days. Coupled with their low toxicity this makes them fully acceptable to conservationists who have been alarmed by the more persistent residues of other widely used insecticides. Both British and foreign com-

panies seem likely to use large quantities of the new insecticides in future because they are factory produced, which means constant supply and a stable price is guaranteed since neither is affected by crop vagaries.
Although Britain will earn royalties on all the resmethrin and bioresmethrin made, by

manufacturing the raw material more could have been earned. NRDC complains that it is fre-quently obliged to licence its patents abroad because over the last few years the climate for investment has been so dismal in

Fertiliser and pesticide manufacturers Fisons says that it decided not to take up a licence because it did not feel that it could sell the new insecticides through established outlets.

ICL another potential licensee,

told me that although invited to evaluate bioresmethrin in 1966 it did not appear to be sufficiently attractive to justify an expensive development programme. ICI is, however, still interested

in pyrethrin chemistry and is currently investigating what it claims to be " a more promising compound." For the sake of exports let us hope ICI is right.

SCOTBITS

A small investment with the Scothits Securities Savings plan brings fantastic results! It is in your interests to learn more about it by reading the announcement on P.82 of today's Colour Magazine.

******* The Sunday Times

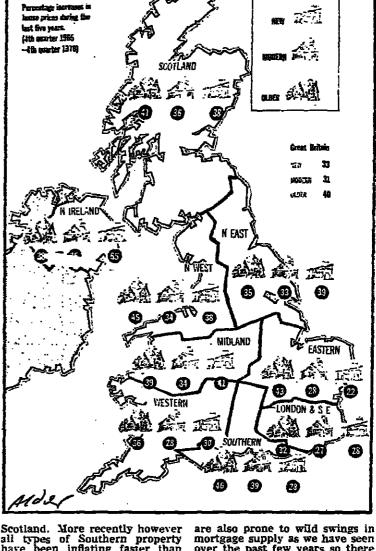
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gesa pack



Scotland. More recently however all types of Southern property have been inflating faster than anywhere in the country. And the Bristol and West Building Society has pointed out that in 1971 old houses have been rising in value faster than new houses have advanced houses have advanced.

There is at present almost total confusion about housing in Britain, The last Labour Government predicted two years ago that the great post-war shortage of houses would come to an end in houses would come to an end in 1971 with 19 million homes and houses, and there would be approximately 1 million surplus units by 1973. The housebuilders, ever nervous, seeing financing costs and land prices rocketing and the aftermath of the 1968 savings withdrawal from building societies stanged building societies, stopped building.

They are only just recovering their nerve. They may be able to start 225,000 private housing units this year, but they are worried that the cut in mortgage interest rates last month will slow the mortgage supply again.

Now the builders complain that local authorities are just siting on all the best housebuilding land and that local planning is obstructing housing development. Frank Sanderson of Bovis has even estimated that being messed about by planning adds about 7% to the average price of a new house.

The new Conservative Government has radically altered the picture, finally unveiling its new bousing policy a few months ago, in a year when housing costs have accelerated for the average Briton much faster than the rest of the cost of living. The Tory plans housing market is the number of have mainly been atta-ked empty homes at any one time because they will withdraw counwhich are being bought and sold. With mortgagors moving on tenant rent rebates, But the other average in under 10 years, and febo.000 this year. side of this coin is a belief in home ownership which they lope I million homes could be on the will apply to 60% of the populace in 1980. This would mean 1.8 able vacancy rate might be 10% million more homes than the of that figure. present 9 million owner-occupied houses, owned by about half the population

The implications of these policles is an enormous increase in mortgage demand. It could be £7,000 million a year by the end of the decade compared with £1,500 million in 1969 and £2,500

mortgage supply as we have seen over the past few years so there will be no smooth growth to the £7,000 million figure.

Nobody is sure just what is needed from the housebuilder.

replacement of slum, unfit and ill-sited housing. Out of 18 million plus, homes. 3.5 million are over 90 years old and 7 million over 50 years ald. The Tories, now agreed that there are 5 million unsatisfactory homes, have increased renovation grants for old property, with the unexpected side effect of increasing the demand for second-houses

more and more frequently, about I million homes could be on the market each year soon, a reason-

What is certain is that there is no satisfactory surplus now. with houses being snapped up, often within days of coming on the market. Neither have builders a reasonable stock of new houses for sale. This has led the hyper inflation in all house prices. The danger now is that this will throw million now. Where the money is every prediction of government, to come from is a serious prob-lem. Building societies are almost house-owner out of joint as the

Private housebuilding will cer-tainly take over from the public authority as the main provider of authority as the main provider of homes, whatever political party is in power. But there is fundamental disagreement as to how many housing units will be needed a year. Even the basic determinant of the rate of new household formation is not accurately ately known. It could be 170,000 a year, but the new Census will not tell us for years yet.

There is also uncertainty about

The North of England contains a far greater percentage of unfit houses than the South-15% is one estimate. On the other hand there is a far greater shortage of homes in the South — about 700,000 in 1970 according to the Bristol and West. Buchanan Consultants, in a survey last May for the Nationwide Building Society. estimated that some 44% of all homes around London, the worst bit area are unfit if an unsatishit area, are unfit if an unsatisfactory environment is brought into the equation.

Another unknown factor in the

the largest tapper of private poor house buyer finds himself savings already. Building societies out of the market.

Fireworks rocket back with a bang

THE BRITISH fireworks indi is rising anew from the in-lit under their profits by a TV programme.

First transmitted befor limited BBC2 audience in the anti-firework documentary repeated in 1969 on BBC1 be the critical November date again shown in changed for 1970. It is held responsible manufacturers for a catastrosales decline. Standard Firework Huddersfield, the late British manufacturer, say steady trading profit hove around £180,000 change over to a trading loss of £34,000.

But Standard reports that are currently running more 33%, up on last year and rising as the vital run-up to Fifth approaches. Sales by P Wessex in Salisbury are 30% and rising and Brocks, in Hempstead, which has been business ever since 1720, it is now nearly sold out for year.

Fireworks men still shudde the memory of the program which had shots of children n lated by bonfire night accide And indignation rises yet in days Verbebing frame of Biol dour Yorkshire frame of Ric Greenhalgh, managing direct Standard. He claims the gathered the horrific bits nine years and that some of injuries shown were caused lighting bonfires with parawhich he does not manufact "Nothing happened in because of the small audien he says. "And it came too in 1969 to affect the sales of manufacturer to the retailer

"But the retailer was left large amounts of unsold sto Sales were slightly up in 1 but the retailer was alre stocked up and that's the

Standard's turnover drop from £1,066,000 with a profi £179,000 in the year ended Mi 1970 to £757,000 and a loss £31,000 in 1971. A small fact was closed down in Barnsley November and staff vacan were not filled. By June this y however, Standard re-opened Barnsley and staffing has turned to a normal 500.

Brocks managed to avoid a last year but 30% of its busin is now in Christmas decorati is now in Christmas decorate paper hats, putting the snap crackers, the bangs into pistols and in military firewo "But we took a beating," smanaging director Tim Benn "We end our year on Novem 5 and in 1989 the turnover £1,056,000 and the pre-tax pt £83,000. But in 1970 the turno was down to £782,000 and

Pains-Wessex is a subsidiary the British Match Corporat and it claims a big disp market, which was not affect and "But you can say we didn't me much money out of fireworks ! year," said financial direct Ross Colwill, "The orders a piling in now though and I shot say we're 25% up."

Pains-Wessex also has a stro market in marine distress sign and its turnover actually rose is year from £918,000 to £980,0 But the share attributable to fi works dropped from 41% to 22 and the pre-tax profit fro £140,000 to £93,000.

You need these facts



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حكدا من الاصل

Curtain up on Trust House Forte last act

BY AZIZ KHAN-PANNI

LIKE AN OLD arthritic man, Charles cannot be part of that Trust Houses Forte got off its set-up. sick bed last week to hire two surely be the final act of a farce the tea-cakes of Trust Houses to mix with the becf-burgers of Forte. It is a tragedy that Britain's largest hotel group, in the end, could not harness the energy and imagination of Sir Charles Forte himself.

The company is so split, so demoralised, that there are now only two rational solutions that the directors and advisers of THF should entertain. Either the company must go to Allied, or some other bidder, as one entity, in which case Sir Charles must surely leave. Or else whoever acquires it must hive off enough of the Forte part of the THF assets to enable Sir Charles to exit from a merger which has exit from a merger which has clearly not worked. In either case, the logic appears to demand a bid of some kind is accepted and that Sir Charles and Trust Houses must part company.

it is that the most brilliant entrecompanies. Quite apart from the agood deal of commercial logic. Clash of personality, it seems clear to most independent voices in the company that Michael in the company that Michael Pickard, the former managing director whose removal brought the conflict into the open represented, inside THF, the professional manager who lived by the book, worked through the usual provided and forcibility dudies. appraisals and feasibility studies, and operated through structured committees. Sir Charles, on the other hand, was accused of regarding the company as his perpending the company as his perpendicular to the brewers also remember. The brewers also remember to the brewers also remember to

up in angry scenes. One row blew recommendation to relax the

It is not even as if THF has undertakers before dying. For much ammunition to fight a bid the bid by Allied Breweries must battle. The THF Council, whose surely be the final act of a large \$132,500 shares carry half the which has turned to tragedy. It was farcial ever to have expected was farcial ever to have expected Hacking, chairman of the council. is on record as saying he dislikes the whole voting system anyway, and as Allied appears to be a perfectly respectable com-pany in a related trade, only a very austere reading of the in-junction in the council's trust deed to further habits of temper-ance, could bring on the veto.

The Crowther-Pickard camp The Crowther-Pickard camp appears to favour the idea of a bid on the right terms. On the other hand, it is unlikely that Sir Charles, having established himself within sight of the chairmanship, would now want to give that up. The problem is that if this difference breaks into the open it will prevent THF share. open, it will prevent THF shareholders from getting the best possible terms from Allied, and Allied's chairman, Joe Thorley,

So although it has been made and that Sir Charles and Trust clear that the appointment of the two merchant banks, Schroders and Warburgs, to advise THF is weeks has demonstrated anything, split, it indicates that there are separate interests involved.

wider leisure fields, into enter-tainment, clubs and travel, the brewers too have been moving into the same areas and spreading into hotels as well. Allied, for example, already runs 46 hotels with more than 2,100 letting bedrooms. By next year a further 400 rooms will have been added. On the Trust Houses side many of its smaller country

	1970/71	1971/72	1972/73	1973/74	1974/75
Pre-tax profit Cash flow	10.5 9.3	12.0 7.9	Em 14.0 8.2	17.0 8.0	20.0 7.2
Cap. expenditure Loan repayment Disposals (approx.)	30.37 2.20 2.05	19.45 2.21 6.75	8.97 6.23 0.75	9.15 4.57 0.50	7.97 12.78 0.50
Cash requirement	25.3	14,5	7.7	6.2	14.1

up over the details of the pur-chase of Sidgwick and Jackson, a small publishing house. Another and cafes as well as pubs serving concerned directors' use of a company plane. More fundamentally, there was profound disagreement over the plans for developing London Airport Ex-celsior hotel. Pickard wanted to go the whole hog, opening an entire new wing before traffic had built up of the full catering facilities completed. Sir Charles argued from his experience that the savings on paper would not have worked out in practice. Although these arguments are past history have left deep scars in the THF board—so deep that it is very unlikely that Sir Charles Forte could be elected as chairman despite his confidence that this would have a past Mary this would happen next May.

It is clear that even a company as experienced as Allied in resolving internal conflict and dissen-sion could hardly allow this state of affairs to continue Sir Charle's appointment as chief executive has eased matters a good deal. But there is still resentment

must therefore be trying to get as many tied outlets as possible. Again, the trend in the industry is for the companies to move away from tenanted houses to managed ones, and Allied, with around a third of its beer sales from managed houses, moved further than most in this direction. The acquisition of THF would take this policy a good deal further on.

The question now is whether Allied knows just how many prob-lems it is buying. Last week Thorley confessed: "We probably don't know any more about Trust Houses Forte than you do." Did he appreciate the financial burden he was taking on? Thorley: "We have some considerable experience of financial management."
Would any part of Trust Houses'
development programme be cut
back? "That would depend on how things worked out." If Thor-ley is to be believed, Allied is which could explode at any time. going into the deal on the basis if THF is to go to Allied, Sir of a good idea but not a great



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Coope executives were doing in so many THF hotels in the weeks before the bid.

before the bid.

But the financial argument sticks out like a sore thumb. Allied's own development programme is still costing it £20 million a year, even though it has moved further toward one-product breweries than any other company. With a flow of £15 million from depreciation and retained earnings, Allied's cash needs are coverable. But the table (left), shows the extent of THF's problems. The profit estimates (left), shows the extent of THF's merger, but the major institu-problems. The profit estimates tional investors have become are my own, but these do not thoroughly alarmed at the reports

been taken care of until autumn next year. But the escalator will begin again unless the company succeeds in jacking up profits. Since London hotels are likely to have substantial over-capacity by 1973, the prospects do not look

Allied could hardly have timed its approach better. Not only is there considerable internal politi-cal pressure for some such

within the company. If Sir Charles has in fact raised his shareholding to a point where he can call on 20% of THF's equity, he could prevent the sort of full merger which Allied might want. It might be no bad thing to carve out the Forte hotel, catering, international and entertainment activities and let Sir Charles take them out of the group. And cer-tainly the problem of paying any

more than around 165p might be got around if the Forte interests were to extract their huge loan liabilities as well. But whatever the case, a return to the bad old days must not be allowed to

Wilkinson leads with its chin-

real escalation of the world a real escalation of the world wide battle between the Wilkinson Sword, the British David, and Gillette, the American Goliath ir first challenged 10 years ago with the world's first stainless steel razor blade.

Next month Wilkinson starts to advertise its new single-edged bonded razor in time for the Christmas market.

This, a genuinely superior product the blades lasted me six months, somewhat to Wilkinson's embarrassment) consists of a thin strip of blade bonded to a small plastic holder which clips into a new super-light razor; as with so many of the new introductions it many of the new introductions it costs more than a standard product (£1.19 for razor plus blades, 35p for five blades). But Wilkinson has the confidence born of success in the US where Bonded was launched earlier this year; in some areas is has already doubled Wilkinson's share of the market balled by setting at the large Wikinson's share of the market
—helped by getting at the large
number of US shavers who still
use single-edged blades. Wilkinson's blades are now sold in the
US through Colgate-Palmolive
whose salesmen have a grudge
fight of their own with Gillette. For Gillette's foamy shaving cream hammered the equivalent Colgate product a year or two

Gillette itself is not without weapons. Once the initial shock of being assaulted in its cosy or being assauted in its cosy monopoly had worn off in the early 1960s it quickly introduced its own stainless blade. Then came Wilkinson's Chromium-edged blade, and Gillette's response with a glint of platinum. But it was Gillette's continuous strip blade, the Technatic, its only major innovation in the great war, which has proved a great war, which has proved a blated, if major, success. In

BY NICHOLAS FAITH

use it, in the US one in eight-just as well for Gillette since its ordinary stainless blades are outsold nearly two to one by Wilkinson in this country despite much heavier advertising.

The latest refinement in the war is the hasty introduction into the US market by Gillette of its Trac II, a bonded razor with two blades for the price of one. One blade follows up the cutting action of the first, having another swipe before the trun-cated hair has settled back into position. This was launched earlier this month without any of the usual lest-market-ing during the prime time of the whole Gillette TV season, the baseball World Series (an event which this year led to rane on which this year led to rape on the streets of Pittsburgh). Trac II is destined eventually for use in this country if it is a lasting success in the US.

The war has taken a toll of both sides—and indeed there are signs in Britain that as the costs of new fancy shaving ideas continues to mount many shavers are turning to cheaper brands (some of these are made by the blg two; Gillette makes 7 O'Clock and Wilkinson a brand called London Bridge). But there have been major corporate consequences as well. The most significant has been the fall of Gillette from profit-grace. It used regularly to head the Fortune List in terms of profitability year in year out; its record now looks of new fancy shaving ideas conyear out; its record now looks more ordinary. Its marketing skills have been proved to be very real—but it has still been unable to get away from its basic business. Wilkinson has changed much more. The first rush of success slightly unbalanced the company. "After four years of rush rush

rush we were all tired and a bobig-headed," admits Denys Rai dolph, chairman of what is stifirmly a family-run firm. The sudden jump from being smaltime makers of garden tools an swords to the big world of makers was traumatic. Will inson expected its profits to hevery year the £3 million it one achieved, without taking enoug account of the inevitably heav marketing expenses involved it marketing expenses involved a long-term toe-to-toe slugging match with Gillette. And unli most companies which have swe to fame and fortune on one p duct, Wilkinson was (and is) short of new products; rather is embarrassed by a surfeit ideas from its large research opartment. These have ranged partners. These have raight the past from the original hove lawn-mower — which Randolp is now cursing they didn't develo—to an insulated teapot to kee tea cosily hot.

In addition there was a never a second to the control of the cost of the cost

way of manufacturing blade which reached a late stage in development before the boar had the courage to admit it coul not be manufactured commercially. The ideas still flow free —and include a lot of working aerosols and squirting liquid derived from its fire protection division but equally suitable for applying foam to faces. But after a number of years when none the ideas were actually viable th introduction of Bonded is vita a major new idea in Wilkinson original trade—with the considerable risk that in Britain, when wilkinson has half the market it could merely replace sales of its older products rather that gaining new markets. If the risk comes off then the next idea probably in shaving, will be produced; if it does not—well there's and a pine cure of the sales always swords and a nice cup of insulated tea to console the Ran

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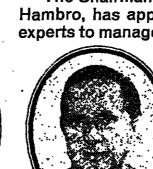
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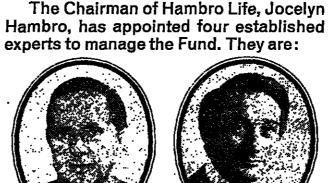
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tion and cheque before Thursday 28th October to obtain Units allocated

at the current offered price of £1.122. After this date Units will be allocated at the price then

Age 40 - 190% Age 60 - 111% IT COULD all have been so different. The three fascinating chapters of Graham Turner's new book" telling the story of the four-year negotiations which led to the merger of British Motor and Leyland in 1968 make that clear. It took a wide variety of pressures, mistakes and sheer accident to ensure that in the end Donald Stokes, the bus salesman from the small Lancashire town (and company) of Leyland should emerge as king of virtually the whole British-owned motor industry.

As Turner tells the story, what is extraordinary is not the gradual failure of all alternatives, but that the resultant group is now no longer the sick man of Europe's motor scene (Volks-Europe's motor scene (Volks-wagen now has that unenviable distinction). For, with the exceptions of Rover, Jaguar. Pressed Steel and the London-based ACV truck and bus business taken over by Leyland in 1962, all the dozens of .companies which now make up British Leyland Motor Cor-poration were in pretty desperate straits when they merged into bigger units. None had shown the ability to grow from small to really large industrial units by its really large industrial units by its own ability, without a continuous series of takeovers. Leyland itself has needed a complete reorganisation by an ACV man; even Standard-Triumph, run by Stokes himself for five years in the mid-1960s, is now having to be shaken to the core in a fight for survival.

There is very little about this in the book. Most of it consists of the manoeuvres undertaken by BLMC's constituent companies as they waltzed round each other as more or less unwilling marriage partners in the 40 years be-fore the merger. There is very little on the management of any of the companies (which was mostly personal authoracy anymostly personal authoracy anyways or on the models, the engineering or the workers involved; yet these were crucial to anyunderstanding of why BLMC, finally and precariously, is likely to survive and flourish. It is because of the hard core of engineering skill among workers and management alike which was always present in these companies and which has never been mobilised before in any organised way. Within Europe only Mercedes Benz, Peugeot, Citroen and Fiat have the sheer depth of inherited know-how possessed by the BLMC men. But the Leyland men added another new ingre-

The crucial element in the long-drawn out series of mergers was that the Leyland men were signing in defeat, which pre-always more realistic than the vented a public scandal. As it was Midlanders. The epitome of Ley- even cognoscenti of industrial

How the motor giant managed not to crash

when, on a visit to Niagara Falls, it was pointed out that so many millions of gallons of water fell over the falls each hour he merely remarked 'I see nowt to stop it.' Turner quotes the best of all. A merger with Rolls-Royce was under debate (in the story virtually everybody tried to merge with everybody else at one time or another). Markiand was doubtful. Rolls's products were of too high a value to fit in. As for Leyland's: "well, we were never much dearer than sausages, about four shillings a pound, our

The realism was not shared by the British Motor management: only Ron Lucas, the finance director, could admit to himself the appalling state of his firm, and spell out to others how vulnerable British Motor was to a bid by Leyland. So prime-ministerial arm-twisting (in the form of a cosy dinner and chat at Chequers with H. Wilson), continuous pressure from the late Industrial Reorganisation Corporation, including a threat from Lord Kearton, the IRC's then-chairman, that it would support a Leyland bid for British Motor, an injudicious burst of realism from Lucas about his company's financial position, and a lot of ill-feeling were needed to get the

required result. It was only the selflessnes of BMC's chairman, Sir George Harriman, who compensated for many earlier mistakes by the generosity in defeat which pre-

landery, of course, is Stanley power games noted only the Markland, who did more than anyone else to build up the group in the 1950s: to him is attributed of two other BMC directors for the cry "anything south of Crewe is a bloody overhead." whom Stokes quietly ensured jobs in the public sector. They did not realise how nearly (and how often) the battle erupted into the when, on a visit to Niagara Falls. sort of open warfare which had characterised General Electric's bid for Associated Electrical Industries a few months before the BLMC merger—indeed the need felt on all sides to prevent

> the natural course of capitalism. The result could have been disastrous. For, of all the failures, sloppinesses and incompetences revealed in the book, none is as clear as that of the shareholders, the nominal owners of the dozen or so companies involved. The only constructive interference dates back to the 1920s, when a Shareholders Association, headed, improbably, by a local cheese wholesaler, reorganised the then near-bankrupt Leyland Motors. Apart from that nothing.
>
> Even the best brains of the mighty Prudential, which was asked by both sides in the merger to evaluate the future of both pirtners, simply swallowed. British Motor's forecasts almost with knowledgable outsiders (or more searching enquiries of the finance director) would have cast considerable doubt on the likelihood of any of those forecasts being met. The biggest single shareholder, the Nuffield Foundation, with a quarter of the British Motor equity, followed the management line. At the Leyland shareholders' meeting which followed the merger, the Motors. Apart from that nothing.

directors were decidedly apprehensive; they were aware they could be criticised for merging when they could have waited and bid for a British Motor, which they were convinced, would then be near ruin.

Indeed their shareholders have Indeed their shareholders have done badly; in the three years since the merger their share price has been dragged down to a third of its 1968 level by the multiple problems brought in by British Motor. Yet "the shareholders did not ask a single question about the merger: they merely made congratulatory noises." As one of the directors said: "it was a blistering indictment of the shareholders." ment of the shareholders.

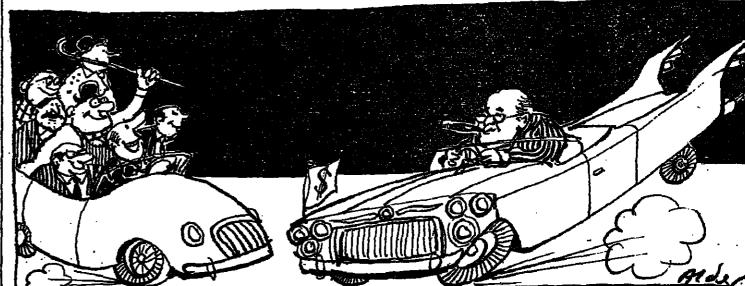
Without Government interfer-

ence, it is clear that Leyland would have bid for British Motor. In theory the victim ought to have been defenceless; but all the evidence is that wishful thinking would have prevented acceptance of the bid by key shareholders like the Pru and the Nuffield Foundation. Probably then Pritich Motor would ably, then, British Motor would have slumped to a bad enough state within 18 months for a cheaper, rescue-bid by Leyland to be on the cards. In theory this would vindicate the idea that need felt on all sides to prevent another such blood bath was a one less money, and is less commajor emollient factor in the BLMC negotiations.

Under the present Government all would certainly have been different. There would have been no Government interference in the natural course of capitalism. In terms of sheer money this is true. But, in this case at least, unless the rescue the natural course of capitalism. Operation had started in 1968. operation had started in 1968 with the planning of new models with the planning of new models it is doubtful whether the Austin-Morris group, the heart of the old British Motor, would have survived at all. It was not that Stokes and his right-hand man George Turnbull, did much rationalising. They sacked no one and did little for two years to sort out the production and to sort out the production and labour chaos. But they did plan and build the new car, the Marina, vital to the whole survival of the corporation and push major management changes.

The survival of BLMC was a close-run thing anyway: had the merger not been pushed by the Government in a multitude of guises, the delay caused by a reliance on the normal forces of capitalism could have been fatal. As the Rolls-Royce and Upper Clyde cases are slowly proving, bankruptcy is not a salutary policy; it is merely dis-turbing and expensive. And, in the case of ill-managed companies, it's useless expecting the share-holders to act as watchdogs to

"The Leyland Papers," by Graham Turner, Eyre & Spottiswode, £2.75.



Who will jump first in Big John's game of chicken?

to now? Despite some surpris-ingly optimistic reports, the US still has not indicated that it

will remove the import sur-charge, if the other industrial countries revalue their ex-change rates by anything less than Washington is demanding. And the US demand is nothing less than enough to improve the American balance of payments by some \$11 billion a year—implying an average revaluation by everyone else of something like 13½%. That is the analysis by the OECD staff in Paris and the IMF in Washington

The meeting of high-level officials in Paris last week was expected, hopefully, to produce a major step towards agreement. Maybe it has, but this is not yet visible. It is not visible, not because of continued disagreement over the numbers but because it is not numbers, but because it is not yet clear whether Nixon and Connally have decided that

BY MALCOLM CRAWFORD, Economics Editor

they want the crisis settled yet. something even if Nixon had Paul Volcker, Connally's never imposed the surcharge under-secretary for monetary It is remarkable how many policy, told the Paris meeting that the US was now quite in the realignment (or so the happy to live in a world of international studies show). floating currencies (the US Although it is the big nine that matter (Japan, West Germany, was highly apprehensive about floating rates, before the crisis began), while back in the US, Connally speaks and rouses standing ovations. A growth rate of more than 6% is now predicted for the US in the first half of next year. Remember the game called chicken, that teenagers in the US used to play with old cars? They aimed them at each other

We want trade not aid

Officially the American demand is a "swing" of \$13 billion, but reading between the lines, it appears to be \$11 billion. The other members of the Group of Ten came up with figures totalling some \$5 to \$6 billion, based on assumptions that they all need current account surpluses.
(They all claimed to expect to be exporters of capital—even Canada!). It all added up to a total current account surplus of OECD countries to some \$20 billion, which is ridiculous.

Suggestions were made that the US might look to a further improvement in its payments from a revival of foreign confidence in the US. To this Volcker replied: "We want. Volcker replied: trade, not aid!"

The argument over the amount of payments improvement which other countries must provide the US has become quite unreal, and is now relatively unimportant.
For apart from Japan, France,
and perhaps (marginally) Italy, the increases in exchange rates already realised in the market amount to a bigger "offer"

than the officials of the nine made in Paris last week. The Japanese know they will have to let the yen rise another 6% or 7% (the yen is now 9% above par) and while the French are not yet prepared to admit this, the need to reach a Common European Community position will force them

to revalue by at least 6% or 7%. Given these changes, the result would be a coherent realignment averaging just over 8% (the mark and the guilder are already above that). On the economic figuring now in use, this should bring about a swing in the US current account of some \$7 billion.

Retaliation would not work

To this must be added some positive effect on capital flows. Insofar as American firms establish export operations in revaluing countries, their decisions would have to be thought out afresh, after currency realignment is complete. And decisions to invest in the US would be favourably affected. So would foreign portfolio investment in the US. No sensible calculations can be made about these changes, but they would augment whatever gain the US stands to make on her current account.

So it is now over to the politicians. Will Nixon and Connally decide to remove the surcharge as soon as Japan and France bring . their currencies

The US is tactically in a strong position. Retaliation against America on trade will not work. The nine would hurt each other far more than the US if they did that. The US, which generates 96% of its Gross National Product internaily and only 4% from trade, does not need trade in manufactured goods, in the short run. Last week's Danish import surcharge may look like a cloud on the horizon, but it is an isolated event. The Danish devaluation of 1967 did not work, and their payments position has steadily deteriorated.
They would have had to do

countries will need to take part mernational studies show). heel. Other countries could help America solve its pay matter (Japan, West Germany, ments problem by taxing Britain, France, Italy, Netherlands, Belgium, Sweden, and Canada) many lesser countries. There would be great administrative different tries, with high exposure to external trade, and with payments in surplus, would suffer an adverse change in their terms of trade—causing internal inflation - which their people would certainly notice. This applies to Spain, Austria,

developed countries. Australia is a particularly interesting case. If it kept its rate unchanged against the dollar, most of the benefit would accrue to profits of its foreign-owned exporting firms chiefly exporting primary products whose prices in dollar ducts whose prices, in dollar terms, would rise. There would be little gain to Australians, if Australia did not revalue too. But although Nixon and Connally can sit and survey the international scene with a certain morbistophelian delight.

possibly some other under-

tain mephistophelian delight, time is not altogether on their side. There are two points here. First, some countries' export industries are going to be severely damaged. Germany is already sliding into a recession on account of this (growth in West Germany in the first half of 1972 is fore-

suffer much. It is difficult enough for ministers of these countries to make concessions on exchange rates now; it will be much harder for them to make further concessions once the still likely to go on floating. effects on employment in ex-

finance ministers can put the

The other causes for concer Washington is America capital investment abroad help America solve its pay ments problem by taxin American investment in their countries. There would be great administrative difficult in finding an agreed uniform approach among the Nine. But the to-be-enlarged Common Market (including Britain) with the EFTA countries while the associated with the EFTA countries while the associated with the EFTA. will be associated with the EE(in some form, could impose a uniform tax on foreign invest at high speed, and whoever and Switzerland; probably Tai ment from outside the group-veered off course first was a wan. Hong Kong and the which would in practice mean chicken. That seems to be Philippines (with economies a tax on American investment closely linked to Japan), and If that were seen on the horizon, the surcharge would come off very quickly indeed And if it did not, European countries would gain tan revenue, paid partly by Ameri can firms.

Settlement for Christmas?

The means of saving the faces of European countries, some of which have been deny-ing any intent to change their parities (and all of which have insisted on the US raising its gold price), has been worked out already in the smokeless backrooms of Paris and Washington. Provisional fixed rates will be struck as a "tempor ary" arrangement pending changes in parities. The par cast at 1.8%, about 3½% below values of currencies will not capacity). Elsewhere, export change, nor will the gold ratios industries will be hurt, even if the overall growth does not in any case so long as official gold dealings remain sus

pended). These proposed provisional fixed rates are being called "pivotal rates." But some currencies (outside Europe) are

A settlement by Christmas port industries make them seems a reasonable bet—pro-selves felt. There is a limit vided Europe stiffens its back to the extent to which even up.

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An illuminating look at a scene of external gloss enand internal decay threatening the good oldfashioned British holiday mecca of the North RICHARD MILNER reports from the Golden Mile

> azing promenade, 50 miles of to the Town Hall—will be and the husbands go for braction down and stored away. has not been a bad season, the mornings after. So why things considered. And 1972 should anyone worry?

d yet it faces a very real

vn Clerk Roland Hickman. ut the town has reached the nt in its history where it st begin to make some tty rapid strides forward if to maintain its pre-eminent

lackpool people have heard sort of thing before. Every r, as more UK holidayers put on their sunglasses

ONIGHT the lights go out all Rhodes, some newspaper Jonah er Blackpool. Six miles of predicts that The End is Nigh. And every year families from Birmingham, Glasgow, Manchester and Widnes pack their bags with a sigh of relief and head for the Golden Mile. Landladies at Arondola Holming azing promenade, 50 miles of stoon strip and 375,000 light albs will be turned off. The ivaicade of Bathing Beauties, e Heraldic Highlights, the icky Stars, the Rotosphere, e Toddlers' Toybox, the inter Wonderland—not to antion those bogus Sills.

And every year families from Birmingham, Glasgow, Manchester and Widnes pack their bags with a sigh of relief and head for the Golden Mile. Landladies at Avondale, Holmleigh, Northview and Seabank give them a real home from home with colour TV and cocktail ention those bogus Sills, with colour TV and cocktail allions, Pediments and Ionic bar. The kids go to Pleasure lumns that have been stuck Beach, the wives go shopping

tels, guest houses and flatit has been featuring full-scale s. It can find beds for illuminations since 1925 and for the relatively modest run-ning cost of £187,000 a year blem of external gloss and has worked a minor mi

have had the nerve to complain about the cost of the Illuminations (4p on the rates), on the grounds that outsiders can drive in to see this "Greatest Free Show on Earth" without actually spending anything in the town. By laying on this £600,000 display, Blackpool Corporation has extended the fly out to Benidorm, normal holiday season by four rovnik, Marrakesh or or five weeks. It is a small price

to pay for "No Vacancies" notices in guest-house windows in the third week in October, when gale-force winds lash slush-coloured breakers off a gunmetal sea and cab-drivers reckon cheerfully on 31ft tides swamping the South Shore.

Blackpool is a quite fantastic entertainments centre. Ken Dodd and his Tickling Stick has been playing to the tune of £23,000 a week at the Opera House, which, along with a major chunk of the town's showbiz real estate, is now owned by Electrical & Musical should anyone worry?

Ould be at least as good. But il the Illuminations keep the wids and the cash rolling in years from now?

Blackpool is the wonder of North West. About 8½ is rategically situated only a lilion people go there every ar, 5 million during the ason. It has the biggest Ballom in the North, the biggest wer in Britain and the bigst Amusement Park in irope. It has about 4,000 the several major industrial areas. Second, it has been in the holiogest Amusement Park in irope. It has about 4,000 the several major industrial areas. Second, it has been in the holiogest and knows (or at least the several major industrial areas. Second, it has been in the holiogest and knows (or at least the several major shows, to say nothing of those in dozens of pubs, clubs and cabaret-bars.

Value for money is civic motto

Only a few local malcontents to minimise the enterprise, goodwill and vigour of Black-pool's landladies, the quietly seething butt of so many music-hall jokes, or their financial influence. Somehow, they con-trive to provide full Lancashire board and most mod. con. at around 30s a day with reductions for kiddles and old age pensioners. And they are traditionally invited to the dress rehearsal of the Northern comedy at the Grand Theatre, with reason. For they make recommendations about all the shows to their guests and take advance bookings. It may cost £40,000 to stage a major show at Blackpool but advances can Hylda Baker.

the physical benefits of a sea-side holiday. Something of this spirit still lingers on in botel names like Queen's Hydro and the offer of "remedial baths" in the posher atmosphere of Lytham St Annes. Later came the funfair ballyhoo and the the working man's dream of Stardust Garden along the lines paradise. Then the working of his Talk of the Town in man started to go to foreign London. Business this year has places such as Spain, didn't like trended up, as Blackpool got presentation of Blackpool as the food too much but came back with a taste for luxury comfort at a bargain price.

If Blackpool has a civic slogan, it is "Value for Money." Impresario Bernard Delfont insists that this is what his customers want, and so does bottlian Frie Parlan. does hotelier Eric Farley. And if any one up there is interested in an unsolicited testimonial from a Southerner used to Southern prices, that is precisely what the average Blackpool holidaymaker gets. But for a town so concerned with the value of money, it is astonishing how little the average Blackpool hotelier impresario knows or even cares about where that money comes from, Established success had produced an almost inbred complacency. So long as the money is there, why worry? ary folk are concerned, you can keep your Costa Brava.

town or how long they stay or

the 1971 season off to a bad start. Blackpool Corporation is now at last conducting an indepth survey with the British Travel Association.

Results of this survey will not be available for some months yet. But two important points are already clear. First, that Blackpool is not a typical British holiday resort. Partly as a result of its "cloth cap" image, business at several topclass hotels is rather slack during what would elsewhere be the height of the season and picks up properly only when conference time gets under way in the autumn. It comes as something of a surprise to hear Hotel, for example, takes his holiday in August. Second, the pattern of holiday making. that general manager Jack pattern of holiday-making has changed and is still changing. At first sight, this is not

obvious. Lancashire towns still shut down for their "Wakes Weeks" and come to Blackpool almost en bloc, filling the amusement arcades, cabaret bars, fortune-telling booths and steak 'n' chips restaurants.
Police leave is still cancelled for
the two Glasgow Weekends, though by all accounts rather less of a rough old time is had by all. And even though Blackpool Corporation prints its brochures in seven languages and Mr Delfont insists valiantly that "it isn't all Northern comics," the facts remain that there aren't many Continentals around and the stars of three 1971 EMI shows were Ken Dodd, Jimmy Tarbuck and

Part of the problem is that Blackpool is no longer quite certain who it is catering for. When the first holiday advertisements appeared in 1776, the promotional emphasis was on the state of the promotional emphasis was on the promotion to stay on another top star at the Opera House, paid at London rates with a percentage of the gross as an extra attraction. Last year Delfont converted the cavernous Empress Ballroom, where 4,000 couples could dance without treading on each other's toes, into a more clubby trended up, as Blackpool got used to the idea. Next year the Stardust Garden should make money.

Hair hits the wrong note

Holidaymakers are constantly demanding something better, different and more up-to-date. Boutiques and night clubs are opening up all over and, although individual ventures may crash with a screech of debts, will almost certainly become familiar features of the Blackpool townscape. But this is a gradual process of sociological revolution. Fundamentally most summer visitors are still out for a good laugh and more luxurious Norbreck Hydro that he bought last December. "We took over a bloody great prison," he says bluntly. "Now we are making that prison into a bloody good castle." A £600,000 develop-still out for a good laugh and still out for a good laugh and a song, a few drinks and maybe After all, as far as most ordinary folk are concerned, you torium, featuring a shrunken head and funny tombstones. Even now nobody in Black- has been crowded. Clinton built 4,000-seater conference pool knows exactly how many Ford and his Old Time Music hall, in time to catch corporate people actually stay in the Hall has done very nicely. trade next October.

'Hair" was a flop. Some institutions have gone

is now introducing another £100,000-plus thrill with its new Gold Mine. Visitors in "ore trucks" plunge through the shaft of a Sierra Nevada gold mine "amid the dangers of

mine "amid the dangers of falling rocks and violent explosions." It is officially described as "a terrifying experience."

Pleasure Beach finances new attractions reckoned to cost up to £250,000 apiece on the back of its own huge success. It is a private, unlimited company and chairman Leonard Thompson, who runs this mammoth thrillerama with his son thrillerama with his son Geoffrey and finance director Charles Burrell, aims to keep it that way. Turnover and profit figures are not disclosed, only him going into the market," Burrell observes thoughtfully. When almost every visitor to Blackpool comes round to spend up at your place, it generates a powerful feeling of independence.

But Blackpool is much less well-placed to meet changing trends on the hotel front. Conferences have become increasingly important as a method of filling beds in the off-season—and not just those much-publicised get-togethers the Conservative Party, the Labour Party and the Trades Union Congress. At least one retailer reports that his peak trading period is the last week in January and the first week in April, when 1,000 exhibitors and about 30,000 buyers get to work on their expense accounts at the International Gifts Fair. Blackpool already has a fair chunk of the heavyweight business, as it can manage to seat 4,000 delegates in the same room.

Finding this number of bedrooms without dotting people haphazardly all along the Fylde coastline, though is another matter. At a recent Tory Party Conference, for example, John Wilkinson of Telefusion was asked if he could put up a very senior
West German politician. "I
didn't mind at all, actually," he
comments. "He was a very
interesting chap." From the
town's viewpoint, however, this sort of thing matters a great deal. Conference specialist Bert Newby reckons that Blackpool could make up for a (national) average downtrend of 10% a year in seaside holidaymaking with extra conference business. But only if it provides the right kind of accommodation.

Newby retired this year as conference-chaser in chief for the Blackpool Tower Company (alias EMI), and was promptly recruited by Eric Farley, an ebullient 36-year-old North Londoner who made his pile with a group of budget-price Bayswater hotels and now aims to work the oracle on the larger ment plan is under way to transform this crenellated pile into a modern 700-bed luxury hotel, incorporating a brandnew motel wing and a custom-

Already the Norbreck is look why they have come there and Some institutions have gone ing whiter outside and much whether they will come back. from strength to strength. Like more professional inside, sport-Such statistics as are available the Blackpool Pleasure Beach ing an imaginatively-designed come from traffic figures, which Company, which was founded hotel bar that would not dis-(in view of the ever-changing in 1906 and now sprawls over grace the most ultra-modern

Illuminations) can provide only the vaguest idea of the town's popularity as a resort—or its prospects. For what it is worth, incoming traffic was up by around 5% in September and October. Most people would october. Most people would rather forget about the postal strike and bad weather that got the 1971 season off to a bad is now introducing another the moment. And although the hotel operates at an average capacity of less than 40%, the separate Castle Bar on its right wing is generating a turnover of £150,000 to £200,000 a year and helps the whole operation into the black. "We're selling strike and bad weather that got is now introducing another." Newby admits separate Castle Bar on its right wing is generating a turnover of £150,000 to £200,000 a year and helps the whole operation into the black. "We're selling conferences a bit in the air at the moment," Newby admits, "but I've booked the Club Trades Fair in October next year."

Hey up lad, it's about time

Blackpool saw the light

Blackpool Tower seems to view its potential rival on the Queen's Promenade with a certain lofty tolerance. "Good luck to him," says general manager Mr Gledhill, "because the money all goes round the town. Some of it is bound to rub off on us." But just as Farley sees conference business as a means to boost the Norbreck's occupancy rate, so profitable bar takings could be creamed off the Winter Gardens if Bert Newby managed to swing some of the key conferences from the oldestablished venue to the brandnew facility. And there can be little doubt that the town needs an all-round operation.

To its considerable credit, Blackpool Corporation realises the need to attract more conferences, to cater for increasing numbers of weekend visitors, and to plan even further ahead to fill the gaps in its entertainvery interesting place it

site. It is expected to open next spring.

Inevitably, there have been some groans about the burden on the rates. But managing director Cyril Grace, who quit as head of Dudley Zoo because he reckoned that the new owners were more interested in funfairs than fauna, is budgeting for profit as well as preservation—starting with a pair of Whitaker's Wildebeeste bought from De Beers. And he is determined to involve Blackpool people. The Hotel and Guest House Association people have subbed up for an people have subbed up for an Indian elephant (they wanted something symbolic but turned down his original impish sug-gestion of a brace of vultures). and the Waldorf is sponsoring a pair of pumas.

Two crucial barriers

Blackpool Corporation is now setting its cap at the West German market in a bid to attract more Continental visitors. But there remain two hit. crucial barriers. First, neither Blackpool Airport nor Blackpool North Station presents the ment programme. It is now most attractive prospect to the working on the first £500,000 phase of Blackpool Zoo, which is scheduled to develop into a regular "mainstream "zoo like Regent's Park or Chester. And port is more "political." Locals do not take kindly to its de-

sections radiating out towards Isle of Man. Some £15,000 has the perimeter of the 100-acre been spent on new customs

Second and more important, not one solitary hotel has been built in Blackpool since the New South Promenade was developed in the 1930s. Even medium-sized guest houses have installed H & C in all rooms, fitted cocktail bars and built sun lounges out in front. Some middleweight hotels like the Chequers have built new extensions, some like the Kimberley have even (in line with their patrons' newly-acquired Continental expectations), sacrificed bedrooms to provide more bathrooms But many of more bathrooms But many of the buildings are Victorian, inevitably showing their age behind the new frontage. And there is a limit to the most thorough "modernisation." But current economics mili-tate against the building of new medium-price seaside hotels in Britain. This problem is not of course negation to

is not, of course, peculiar to Blackpool. But because Blackpool is Britain's biggest holiday the business longer than most and because it takes a justifiable pride in good value at low prices the town will in future stand to be particularly hard "If something's there and

it's serviceable, it's too good to knock down — that's the trouble," as one businessman said. Small wonder that Town Clerk Roland Hickman would like to get one brand-new topclass hotel on the Pembroke Estate seafront site. And that cthers are wondering whether should become, starting with a velopment, as it costs them more affluent visitors would Universal Zoo in the middle £60,000 a year and is mostly pay a premium for new motel and with distinct continental used to fly people out to the rooms in Blackpool.

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SUNDAY TIMES BUSINESS NEWS

The orange groves

of Leeds

THE ORANGE CROP in Leeds this year is as good as ever. Anyone wishing to verify this citric curiosity, and at the same time investigate the city's growing fame as a source of subtropical trees and plants, should catch a number 66 bus from outside the railway station and goall the way to Leysholme bus terminus.

From there it is a short safari to Derek Fail's nursery on a hill-side overlooking the grey, grimy, richly chimneyed Leeds land-scape. There you will see his orange trees in full fruit. His banana, grapefruit, lemon, pine-apple and passion fruit trees are growing a treat too. So are the bougainvillaeas, hibiscus and oleander and one of his lime fruits already weighs 22oz.

It is a warmer world under the glass of Fall's nursery than it is in the Yorkshire air outside. It is quite an astonishing business one too. Coals to Newcastle are one thing, but selling orange trees to Spain, bougain-villaeas and oleanders to Italy and other sub-tropical exotica to Africa is a marketing triumph to which it takes a bit of time to get acclimatised.

Not that they all go to the tropics. He has sold hanana trees to Norway and cotton plants to Portugal. In Italy they are potty on his cleanders. For some reason they don't seem to have the range of colours there that he gets—ninks, whites, reds and vellows. The funny thing is that Fall, up there on his hillside, doesn't think there's anything particularly special about growing sub-tropical plants at all. He ing sub-tropical plants at all. He says anyone with a greenhouse at a modest 55 deg F can grow his own oranges and bananas and eat them as well.

"People forzet that it can get cold in the tropics and you have frost in the desert." he says remembering his service with the Long Range Desert Group dur-ing the second world war. "You can grow most sub-tropical plans of a minimum of 43 deg and just

about anything at 55 deg.

Nonetheless there are prob-lems. Ordinary yellow banana trees for example. They grow to a holes through the roof of his greenhouses, a phenomenon which might prove perturbing for

passengers off the last late bus on a Saturday night. Though come to think of it, what he does

instead could give you a shock after a wild night out.
Instead of mellow yellow bananas he grows red, velvety skinned ones. These trees only attain a modest 5ft 8in instead of street or the street of the street o 8ft or more, Reasonably enough Fall thinks his red-skinned bananas and other sub-tropical plants make him the only nurseryman of his kind in the nurseryman of his kind in the country. Even the Royal Botanic Gardens at Kew pass on inquiries they get to Leysholme Nursery, and lately he has been profiting from the growing number of private indoor swimming pools being built. They have just the right humid conditions for tropical cardens

cal gardens.

The business started accidentally 16 years ago when Fall took over a derelict nursery on the Leysholmc housing estate. It had half an acre of glass, mostly broken. At first he trod the usual horticultural path with geraniums and herbaceous plants. Then he began to grow tropical ones in one of his greenhouses, more as a of his greenhouses, more as a hobby than anything else.

"People wanted to buy them instead of the geraniums," he says, "and it just grew from there." Most of the business is done through mail order with 10% of the sales overseas. "The nurseries in Africa for instance nurseries in Africa, for instance, don't seem able to compete with me. Their range is limited while
I offer 1,000 different plants in
my catalogue," says Fall. For
example he has 26 different
varieties of bougainvillaea. Even
allowing for selling orange trees
to Spain his providest moment to Spain his proudest moment came when Geests, the big banana grower and importer, ordered 10 banana trees for its headquarters

in Spaiding.

Some sales spring from people's desire to score over friends.

Loquacious vegetable marrow fanatics have been stopped in their tracks by a man giving a brisk discourse on his orange crop, even though they only grow to tangerine rather than Jaffa

Having what looks very much like a minor sub-tropical plant monopoly doesn't mean you can do without fanning the flame of entrepreneurial fire now and again. Look at the chance Fall



Derek Fall: red bananas among the chimney stacks

took with bananas a couple of years ago.
"I grew 1,500 plants and people said I was mad. But they all went inside 10 months for £3 all went inside 10 months for £3 each," he says. On average he sells 800 citrus fruit trees a year for £2 each, offers bougainvillaea at about £1.50 each, 25 different kinds of hibiscus at £1 a time and oleanders at 75p each. If you wanted to serve home grown and ground coffee after your home grown tropical fruit salad Fall has £1 coffee plants which yield beans.

beans.
Perhaps most bizarre of all is that Fall is a valuable source of humming bird baths. According to him a surprising number of people keep humming birds in Britain and the problem is that the humming birds don't go for the sort of plastic product a

This new bank, spanning the Atlantic.

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budgie would settle for. Which is one of the reasons why be grows promelias, a plant which has to carry water in its centre to survive, and which humming birdshave long awarded resettes for have long awarded rosettes for comfort and mod. cons.

Jethou goes pop

MY STORY last week about the tiny, taxless Channel Island of Jethou coming up for sale has caused a stir among island lovers everywhere. So much so that there has been a minor stampede for the lease, which has 24 years

The competition from potential buyers is so keen that two

cheques for £10,000 have already been put down as deposits, although they have not yet been accepted. You will recall that the present Crown tenants, Angus and Susan Faed, are asking £40,000 for it plus £5.000 for effects. Joe Tingay, their estate £40,000 for it plus £5.000 for effects. Joe Tingay, their estate agent in Guernsey, tells me the response has been amazing. He has had telephone calls from all over Britain and some people phoned seven times. "I suppose I have had more than 100 tele-

phoned seven times. "I suppose I have had more than 100 telephone conversations so far and my office had to keep lines specially cleared for me," says Tingay.

Details have been sent to inquirers as far apart as Dublin, Geneva and the Scilly Isles. One want I to swap an equivalent property in another island for Jethou, or alternatively swap Jethou for furnished accommodation in the West Indies. Another wondered whether the island could be developed as a self-catering holiday spot.

Yesterday five contenders were due to visit Jethou. "If they are all still keen afterwards we may have to hold an auction," says Tingay. "That really would be something, wouldn't it? Everyon: sitting in Sir Compton Mackenzie's old library with the hids coming in at £1,000 a time." Just in case, he thinks he will take his auctioneer's hammer view.

SOMEONE once said Britain and America were separated by a common language, Robert W. Sarnoff said it again in London

last week.

He was talking to a gothering of British businessmen and as bestis a man who is chief executive of RCA. the big American company which is in everything from radio and TV to publishing and car rental. he went to some pains to avoid any semantic misunderstandings by defining his terms before he started. Thus according to Sarnoff:

Economics is an arcane religion practiced by economists, a large body of people, who, if laid end to end, would still point in all

directions. Finance is the art of passing currency from hand to hand until it finally disappears.

Currency is an assortment of frequently erchangeable substitutes for work or merchandise. The most familiar is the dollar, a unit with the odd property of appearing to become worth more to some as it becomes worth less to others.

Government is a word of an economic paradox, the only service for which we are grateful not to get as much as we pay for.
Inflation is a condition of
fleeting affluence which explains
why you can't take it with you:
it all goes before you do.

Make life less cosy for the gas mai

FOR SEVERAL WEEKS this summer, the pavement outside my house was made impassable, for several hundred yards each side, by men tearing up and replacing leaky gas mains. It is still scarred by a lumpy and irregular band of make-shift asphalting, to the point where my neighbours are getting up a petition to the local council to do something about it. Several rose bushes and a mass of tulip bulbs in my front garden were lost for ever as squads of were lost for ever as squads of enthusiasts trenched and retrenched in search of an elusive North Sea odour. So it was with a slight feeling of disorientation that I read last week, in the Report of the Select Committee on Nationalised Industries on "Relations with the Public," the sturdy, unhesitating evidence from the chairman of my local Gas Board that he had had "no problems whatsoever" with the tricky matter of natural gas seepage. That, he assured the deeply impressed MPs, was something

In fact it passed on, in all, to some 616 pages of evidence, in which coal men affirmed that which coal men animed that none but the most bizarre of customers ever complained of trouble with solid fuel supplies, electricity men swore that the instant cut-off was really the most humane way to deal with default-ing bill-payers ("We have a drill with the welfare people"), and telephone men confided that sometimes they felt there was a danger of complacency eating into their efficiency, because of the astonishingly few complaints they

impressed MPs, was something that only happens in Holland. And so the committee passed on to the next fascinating subject.

Altogether, this document, which you can purchase from Her Majesty's Stationery Office for a trifling £4.70, constitutes a positive poem in praise of public enterprise, as seen from the strongholds of public enterprise —and those strongholds appear, unfortunately, to include virtually all of those cosily incestuous organisations which are supposed to represent the interests of the user and the consumer of these inescapable State services.

In page after page of good cheer, the representatives of such groups as the Central Transport Consultative Committee and the Domestic Coal Consumers' Council, hug their chains and announce how delighted they are with their present set up. And then, in paragraph after paragraph of polite questioning, the parliamentarians bring out the dreadfuldings truth of their situation Philip Clarke dingy truth of their situation. That by and large they occupy

essential interest to any business operating

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across national frontiers.

OTHER BUSINESS



offices, and live on the (usually minimal) budgets, provided by the boards whose activities they are supposed to police. The heavyweight members of those boards sit in on their deliberations to make sure that things tions to make sure that things don't get out of hand. That frequently their chairmen are seconded from that board's own ranks. That they have no power to publicles any criticisms they may care to make, except in the small print at the end of their annual reports, which is, of course, published at the expense, and under the austices of the and under the auspices, of the board that is supposed to be their charge. And that, in the words of Mrs Beale of the Coal Consumers, the reason why they have so few complaints to report is that "not one person in a thousand has ever heard of our existence.

But of course in this fairy-tale world complaints are the exceprion, rather than the rule. The Post Office, for a start, never seems to get any at all—despite the fact that its evidence cheerfully admits that, if an STD subscriber queries the number or extent of the dialled calls he is supposed to have made, there is no way at all in which his claim can be verified or disproved. "We just have to accept what the meter records, and look at his average use," is the offhand message. And if his line got crossed with somebody's lonely au pair calling Mummy in Marseilles, well that's just tough luck baby.

The Southern Electricity Board was a bit more forthcoming. It did at least admit to receiving 1,000 down the idea of election irate letters a quarter from its remains up to Ministerial not customers. But even that is ation. And the best job Edv pretty small beer among several million. But of course, it all depends what you mean by complaints. My own electricity undoubtedly be to get some re board, unfortunately, did not well-financed and abrasive No volunteer any evidence. But it did types to snap at their heels.

occur to me to wonder, re-the emollient words of its leagues, just how the uner saga of my night storage h-would figure in the comp

This object, you will be cinated to hear, suffers from over-sensitive thermostat. W means that if you breathe of it switches itself permanently. So far this year, it has visited by 23 more or less sk representatives from the tricity Service Department. less ambitious merely re-se The more highly skilled take the thermostat and replace makes no difference. But not have moved on to higher gro It is the lagging that is we So new lagging is ordered, weeks delay, strip the mad down to its components, and find the lagging is the wrong Rebuild and start again.

of standing charges, nume (disputed) bills for maintens and a final middle-level esion it is—temporarily, no d—working. But for "compla purposes, I suspect it only co as one, or just possibly actual letters. And even they not have some for enough to not have gone far enough up hierarchy to qualify as gen "consumer protest." So my b can slumber on, content in confidence that it is doin

The Select Comming happily, does not share complacency. In fact it ously thinks the w set-up stinks. It wants the na alised boards to come a cleaner about their future p wants to make the exis onsumer committees far r independent and critical, unfettered access to funds, sultancy and a wider ring future members; and it wan drop all the ridiculous limitat which forbid, for instance, transport committees, to dis something as fundamental

All this is fine. But ultima it all depends on getting s consumers on the commit who will actually probe, pressure, and propagandise or half of consumers at large, the Select Committee, for seem to it good reasons, to down the idea of election Heath could do for the natio ised industries—far better i

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